

**STATE OF KANSAS ADJUSTED GENERAL FUND TAX  
RECEIPTS, RATES OF CHANGE, ELASTICITIES,  
COMPOSITION, AND EFFECTIVE TAX RATES:**

**FISCAL YEARS 1992 THROUGH 2008**

Prepared for



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**August 2008**

# Table of Contents

I. Introduction .....	1
II. Adjusted General Fund Tax Receipts.....	1
A. Motor Carrier Taxes .....	2
B. Individual Income Taxes.....	2
C. Corporation Income Taxes.....	4
D. Estate Taxes .....	4
E. Retail Sales Taxes .....	4
F. Corporate Franchise Taxes .....	5
G. Severance.....	5
III. Rates Of Change.....	6
A. Total Taxes .....	6
B. Individual Income Taxes.....	6
C. Corporation Income Taxes.....	7
D. Retail Sales Taxes .....	7
E. Compensating Use Taxes .....	7
IV. Elasticities.....	7
A. Total Taxes .....	8
B. Individual Income Taxes.....	8
C. Corporation Income Taxes.....	8
D. Retail Sales Taxes .....	9
E. Compensating Use Taxes .....	9
V. Composition.....	9
A. Individual Income Taxes.....	9
B. Corporation Income Taxes .....	9
C. Retail Sales Taxes .....	9
D. Compensating Use Taxes.....	10
E. Other Excise Taxes.....	10
VI. Effective Tax Rates.....	10
VII. Appendices .....	11

## List of Tables, Graphs, and Charts

Table 1a: Adjusted General Fund Tax Receipts (\$Thousands, FY 1992 - FY 2000) ....	12
Table 1b: Adjusted General Fund Tax Receipts (\$Thousands, FY 2001 - FY 2008) ....	13
Table 2: Average Annual Rates of Change for Adjusted General Fund Tax Receipts ..	14
Table 3: Elasticities for Adjusted General Fund Tax Receipts.....	15
Table 4a: Composition of Adjusted General Fund Tax Receipts (\$Thousands, FY 1992 - FY 2000).....	16
Table 4b: Composition of Adjusted General Fund Tax Receipts (\$Thousands, FY 2001 - FY 2008).....	17
Chart 1: Adjusted Motor Carrier Taxes.....	18
Chart 2: Adjusted Individual Income Taxes.....	18
Chart 3: Adjusted Corporation Income Taxes .....	19
Chart 4: Adjusted Financial Institutions Privilege Taxes.....	19
Chart 6: Adjusted Estate Taxes.....	20
Chart 7: Adjusted Retail Sales Taxes.....	20
Chart 8: Adjusted Compensating Use Taxes .....	21
Chart 9: Adjusted Cigarette Taxes .....	21
Chart 10: Adjusted Tobacco Product Taxes.....	22
Chart 11: Adjusted Cereal Malt Beverage Taxes .....	22
Chart 12: Adjusted Liquor Gallonage Taxes.....	23
Chart 13: Adjusted Liquor Enforcement Taxes.....	23
Chart 14: Adjusted Private Club Taxes .....	24
Chart 15: Adjusted Corporate Franchise Taxes .....	24
Chart 16: Adjusted Severance Taxes.....	25
Chart 17: Adjusted Insurance Premium Taxes.....	25
Chart 18: Adjusted Miscellaneous Taxes .....	26
Chart 19: Adjusted Total Taxes.....	26
Chart 20: Kansas Personal Income.....	27
Chart 21: Composition Of Adjusted General Fund Tax Receipts .....	27
Chart 22: Effective Adjusted Total Tax Rate .....	28
Chart 23: Effective Adjusted Individual Income Tax Rate.....	28
Chart 24: Effective Adjusted Corporation Income Tax Rate .....	29
Chart 25: Effective Adjusted Retail Sales Tax Rate .....	29
Chart 26: Effective Adjusted Compensating Use Tax Rate .....	30
Chart 27: Effective Adjusted Cigarette Tax Rate.....	30



## **Introduction**

This report presents (1) State of Kansas General Fund Tax Receipts for Fiscal Years 1992 through 2008 adjusted for changes in statutes, regulations, and administrative procedures; (2) rates of change for Adjusted General Fund Tax Receipts for Fiscal Years 1992 through 2008, Fiscal Years 1999 through 2008, and Fiscal Years 2005 through 2008; (3) elasticities for Adjusted General Fund Tax Receipts for Fiscal Years 1992 through 2008, Fiscal Years 1999 through 2008, and Fiscal Years 2005 through 2008; (4) the composition of Adjusted General Fund Tax Receipts for Fiscal Years 1992 through 2008; (5) graphs of Adjusted General Fund Tax Receipts for Fiscal Years 1992 through 2008; and (6) graphs of Adjusted Effective Tax Rates for major revenue sources for Fiscal Years 1992 through 2008.

## **Adjusted General Fund Tax Receipts**

Because of periodic changes in statutes, regulations, and administrative procedures, direct comparisons of Actual General Fund Tax Receipts over time may be misleading. In order to facilitate valid comparisons over time Actual General Fund Tax Receipts must be adjusted such that all past years reflect present statutes, regulations, and administrative procedures. The following discusses adjustments made to Actual General Fund Tax Receipts to estimate the revenue that would have been generated in past years if Fiscal Year 2009 statutes, regulations, and administrative procedures were in effect for the entire period Fiscal Years 1992 through 2008. Adjusted General Fund Tax Receipts are presented in Tables 1A and 1B. Graphs of Adjusted General Fund Tax Receipts are presented in Charts 1 through 20. Graphs of Effective Tax Rates for Total Taxes, Individual Income Taxes, Corporation Income Taxes, Retail Sales Taxes, and Compensating Use Taxes are presented in Charts 22 through 26.

The most important adjustments are for changes in (1) the tax base, (2) the tax rate, and (3) administrative procedures. For FY In 2009 seven components of General Fund Tax Receipts were affected by changes in statutes, regulations, and administrative procedures:

- Motor Carrier Taxes;
- Individual Income Taxes,
- Corporation Income Taxes,
- Estate Taxes
- Retail Sales Taxes,
- Corporate Franchise Taxes; and
- Severance Taxes.

Adjustments for statutory, regulatory, or administrative changes that have a one-time effect are made in the year of that effect. Adjustments for changes that will have an ongoing impact are made by determining the proportion of FY 2009 tax receipts comprised by the change and allocating this proportion back for previous years. FY 2009 was used as the baseline because this will be the first fiscal year during which

provisions of the change will be fully implemented because of timing differences in the tax year and the fiscal year.

### ***Motor Carrier Taxes***

Legislation enacted in 2006 relative to a property tax exemption for business machinery and equipment is expected to reduce motor carrier property tax receipts to the SGF by \$1.5 million in FY 2009. Motor Carrier Tax Receipts are expected to be further reduced by \$1.6 million in FY 2010, \$1.7 million in FY 2011, \$1.8 million in FY 2012, and \$1.0 million in FY 2013.

### ***Individual Income Taxes***

Adjustments were made to Individual Income Tax Receipts to account for changes resulting from 2009 Senate Substitute for House Bill 2434, Senate Substitute for House Hill 2946, and House Substitute for Senate Bill 309.

One provision of the bill disallows a Kansas individual income tax deduction relative to certain property tax and assessments paid in other states by residents of those states when such states have similarly prevented Kansas residents from claiming property taxes and assessments paid in Kansas as income tax deductions. The disallowance, which is structured as an “addition modification” to federal adjusted gross income prior to the determination of Kansas adjusted gross income, is retroactive to tax year 2007.

The bill also provides income, premiums or privilege tax credits for certain qualified capital investments made in businesses located in and around nine cities (Chanute, Coffeyville, Erie, Fredonia, Greensburg, Independence, Iola, Neodesha, and Osawatomie) damaged during two specific federal disaster declarations in 2007. Qualified capital investments, which are defined to include investments in “construction, equipment, reconstruction, repair, enlargement, furnishing or remodeling of real property” as well as the “purchase, lease or repair of tangible personal property,” will exclude investments in “inventory or property held for sale in the ordinary course of business.” The credits, which are limited to a maximum of \$100,000 for each taxpayer, are available relative to investments in businesses located within the city limits of the nine cities, as well as businesses located up to one mile outside of such limits. Taxpayers generally will be able for tax years 2008-2010 to claim non-refundable credits equivalent to 10 percent of the qualified capital investments; or refundable credits equivalent to 5 percent of such investments. All credits will be reduced by amounts equal to assistance payments taxpayers previously had received pursuant to the provisions of K.S.A. 75-3713e or the Southeast Kansas Business Restoration Assistance Program approved by the State Finance Council.

The maximum amount of credits is capped at \$5.0 million for any given year.

The bill also enacts the Selective Assistance for Effective Senior Relief (“SAFE Senior”) Act, which provides a refundable income tax credit beginning in tax year 2008

that will be available to certain senior citizens to help reimburse a portion of property taxes paid on their homesteads.

Those taxpayers age 65 or older with household income of 120 percent or less of the federal poverty level for two persons (currently \$16,800) are eligible to claim the tax credit, which is equivalent to 45 percent of property taxes actually and timely paid on real or personal property used for residential purposes which was also their principal place of residence. Beginning in tax year 2011, the credit increases to 75 percent of such amount.

The SAFE Senior credit is supplemental to the Homestead Property Tax Refund Act, and taxpayers may not claim the credit for a given tax year if they have also claimed a Homestead refund.

“Household income” is defined to mean all income, including payments received under the federal Social Security Act, received by all persons of a household in a calendar year while members of such household.

Senate Substitute for HB 2434 is expected to decrease Individual Income Tax Receipts by \$4.4 million in FY 2009.

Senate Substitute for HB 2946, the omnibus bill, funds additional collection efforts by the Department of Revenue which are expected to increase Individual Income Tax Receipts by \$3.0 million in FY 2009

House Substitute for SB 309, the Retirement Omnibus Bill, enacts provisions related to public retirement plans, namely the Kansas Public Employees Retirement System (KPERs) plans (including regular KPERs, the Kansas Police and Firemen's Retirement System, and the Retirement System for Judges) and the Washburn University retirement plan.

The bill removes a June 30, 2008 sunset date and makes permanent an exemption in the KPERs law regarding working after retirement. The exemption applies to nurses at certain state institutions who are exempted from the statutory \$20,000 salary cap on most retirees who return to work for the same KPERs participating employer from whom they retired. The current state institutions that are participating employers will continue to be able to hire retired nurses include are Osawatomie State Hospital, Larned State Hospital, Parsons State Hospital, Rainbow Mental Health Facility, Kansas Neurological Institute, the Kansas Soldiers' Home, and the Kansas Veterans' Home. The bill also adds other participating state institutions, including the juvenile correctional facilities at Atchison, Beloit, Larned, and Topeka.

In addition, legislation enacted in 2007 that provided new tax credits for contributions earmarked for deferred maintenance at post-secondary educational institutions; certain capital improvements at community colleges; and deferred maintenance and certain technology or equipment at technical colleges is expected to

further reduce Individual Income Tax Receipts by \$7.5 million in FY 2009, \$7.5 million in FY 2010, \$5.0 million in FY 2011. Also legislation enacted in 2007 that increases the number taxpayers who will be entitled to a state income tax exemption for Social Security benefits will further reduce Individual Income Tax Receipts by \$5.7 million in FY 2009.

### ***Corporation Income Taxes***

An adjustment was made to Corporation Income Tax Receipts to account for changes resulting from 2009 Senate Substitute for House Bill 2434.

New language provides for greater apportionment of business income, effective in tax year 2008, by authorizing the state to use the functional test (in addition to the current transactional test) as a method for identifying such income. Prior Kansas law had been interpreted as providing only the transactional test.

A second new corporation income tax provision clarifies the definition of gross receipts to prevent companies from utilizing “income churning” – a practice that inflates the denominator of the sales factor of the apportionment formula by including certain extraordinary items.

Finally, the top corporation income tax rate, which is effective for taxable incomes above \$50,000, is reduced from 7.35 percent to 7.10 percent, effective for tax year 2008; to 7.05 percent for tax years 2009 and 2010; and to 7.00 percent for tax year 2011 and thereafter.

Senate Substitute for HB 2434 is expected to increase Corporation Income Tax Receipts by \$7.2 million in FY 2009.

### ***Estate Taxes***

Legislation enacted in 2006 that decoupled the Kansas Estate Tax from the federal law beginning in 2007 and eliminates the Kansas tax altogether in 2010 is expected to further reduce Estate Tax Receipts by \$11.0 million in FY 2009, \$17.0 million in FY 2010, \$10.0 million in FY 2011, and \$5.0 million in 2012.

### ***Retail Sales Taxes***

Adjustments were made to Retail Sales Tax Receipts to account for changes resulting from 2009 Senate Substitute for House Bill 2434, and Senate Substitute for House Bill 2946.

Senate Substitute for HB 2434 extends a sales tax exemption by one year relative to certain purchases incurred in the restoration or reconstruction of business facilities located in Kiowa County that were damaged by severe weather in 2007. The project exemption certificates must have been obtained prior to June 30, 2009 (as opposed to June 30, 2008 under prior law).

New sales tax exemptions are provided for entry or participation fees, charges or tickets by Guadalupe Health Foundation for such group's annual fund-raising event for the purpose of providing health care services for uninsured workers; and for purchases by or on behalf of Wayside Waifs, Inc., relative to an annual fund-raising event to support the care of homeless and abandoned animals, animal adoption efforts, education programs for children, efforts to reduce animal over-population, and animal welfare services, as well as all sales by or on behalf of such group (including entry or participation fees or charges).

The bill also provides a sales tax exemption relative to certain purchases incurred in the construction, reconstruction, enlarging, or remodeling of business facilities located in counties declared to be disaster areas pursuant to Presidential Disaster Declaration DR 1711, provided such facilities were damaged or destroyed by flooding or other severe weather. Project exemption certificates must be obtained within 60 days of the effective date of the legislation (publication in the Kansas Register).

The expected reduction in Retail Sales Tax Receipts resulting from Senate Substitute for HB 2434 is \$2.3 million in FY 2009

Senate Substitute for HB 2946, the omnibus bill, funds additional collection efforts by the Department of Revenue which are expected to increase Retail Sales Tax Receipts by \$2.0 million in FY 2009

### ***Corporate Franchise Taxes***

Senate Substitute for House Bill 2264, as amended by House Substitute for Substitute for Senate Bill 215, phases out the corporation franchise tax over five years. Beginning in tax year 2007, the exemption threshold is increased from \$100,000 of net worth to \$1.0 million of net worth. The rate subsequently is reduced from the current \$1.25 per \$1,000 of shareholder equity or net worth to \$0.9375 in tax year 2008; \$0.625 in tax year 2009; and \$0.3125 in tax year 2010. The tax would be repealed altogether effective in tax year 2011. The expected reduction in Corporate Franchise Tax Receipts resulting from Senate Substitute for HB 2264, as amended by House Substitute for Substitute for SB 215 is an additional \$9.5 million in FY 2009, \$10.0 million in FY 2010, \$10.5 million in FY 2011, and \$11.0 million in FY 2012.

### ***Severance Taxes***

An adjustment was made to Severance Tax Receipts to account for changes resulting from 2005 legislation. The expected reduction in Severance Tax Receipts is expected to be an additional \$6.1 million in FY 2009, \$2.6 million in FY 2010, \$2.5 million in FY 2011, \$2.4 million in FY 2012.

## Rates of Change

The average annual rates of change for Adjusted General Fund Tax Receipts were calculated for three time periods: Fiscal Years 1992 through 2008, Fiscal Years 1999 through 2008, and Fiscal Years 2005 through 2008. Two methods were used to compute annual rates of change. The two-point method is computed by determining the total percentage change over the entire time period divided by the number of years.

$$\text{Rate of Change} = \left[ \frac{\text{Receipts in Last Year} - \text{Receipts in First Year}}{\text{Receipts in First Year}} \right] \div \text{Number of Years}$$

One problem with the two-point method is that the rate of change is totally dependent on the values of the end-point years. Therefore if unusual circumstances exist in one or both of the end-point years the rate of change will be misleading.

However, with the trend method all values in the time period under consideration are used. The point method is computed using a log-linear regression of the natural logarithm of receipts as the dependent variable and time as the independent variable.

$$\ln(\text{Receipts}) = a + b(\text{Time}) + e$$

Alpha ( $\alpha$ ) is the intercept term, beta ( $\beta$ ) is the slope term, and epsilon ( $\epsilon$ ) is the random error term. In a log-linear regression the coefficient of the slope variable is an estimate of the average annual rate of change.

Average annual rates of change for Adjusted General Fund Tax Receipts are presented in Table 2. It should be noted that the average annual rates of change may be somewhat misleading because of the impact of the unprecedented declines in several state general fund revenue sources during Fiscal Year 2002.

### **Total Taxes**

According to trend estimates Adjusted Total General Fund Tax Receipts grew at an average annual rate of 4.8 percent from Fiscal Year 1992 through Fiscal Year 2008. Adjusted Total General Fund Tax Receipts grew at an average annual rate of 4.4 percent from Fiscal Year 1999 through Fiscal Year 2008. Adjusted Total General Fund Tax Receipts rose at an average annual rate of 8.0 percent from Fiscal Year 2005 through Fiscal year 2008.

### **Individual Income Taxes**

According to trend estimates Adjusted Individual Income Tax Receipts grew at an average annual rate of 6.3 percent from Fiscal Year 1992 through Fiscal Year 2008. Adjusted Individual Income Tax Receipts grew at an average annual rate of 5.5 percent from Fiscal Year 1999 through Fiscal Year 2008. Adjusted Individual Income Tax

Receipts rose at an average annual rate of 12.1 percent from Fiscal Year 2005 through Fiscal Year 2008.

### ***Corporation Income Taxes***

According to trend estimates Adjusted Corporation Income Tax Receipts grew at an average annual rate of 4.4 percent from Fiscal Year 1992 through 2008. Adjusted Corporation Income Tax Receipts increased at an average annual rate of 8.6 percent from Fiscal Year 1999 through Fiscal Year 2008. Adjusted Corporation Income Tax Receipts rose at an average annual rate of 22.1 percent from Fiscal Year 2005 through Fiscal Year 2008.

### ***Retail Sales Taxes***

According to trend estimates Adjusted Retail Sales Tax Receipts grew at an average annual rate of 3.7 percent from Fiscal Year 1992 through Fiscal Year 2008. Adjusted Retail Sales Tax Receipts grew at an average annual rate of 2.6 percent from Fiscal Year 1999 through Fiscal Year 2008. Adjusted Retail Sales Tax Receipts grew at an average annual rate of 1.4 percent from Fiscal Year 2005 through Fiscal Year 2008.

### ***Compensating Use Taxes***

According to trend estimates Adjusted Compensating Use Tax Receipts grew at an average annual rate of 5.0 percent from Fiscal Year 1992 through Fiscal Year 2008. Adjusted Compensating Use Tax Receipts grew at an average annual rate of 2.6 percent from Fiscal Year 1999 through Fiscal Year 2008. Adjusted Compensating Use Tax Receipts increased at an average annual rate of 1.3 percent from Fiscal Year 2005 through Fiscal Year 2008.

## **Elasticities**

The revenue elasticities for Adjusted General Fund Tax Receipts were calculated for three time periods: Fiscal Years 1992 through 2008, Fiscal Years 1999 through 2008, and Fiscal Years 2005 through 2008. Revenue elasticity is a measure of the responsiveness of a revenue source to changes in the level of personal income. An elasticity of less than one indicates that the revenue source is not highly response to changes in personal income. An elasticity of more than one indicates that the revenue source is highly responsive to changes in personal income. Two methods were used to compute revenue elasticities. The arc method is computed by dividing the percentage change in receipts by the percentage change in income.

$$Elasticity = \left[ \frac{\frac{Receipts\ in\ Last\ Year - Receipts\ in\ First\ Year}{Receipts\ in\ Last\ Year + Receipts\ in\ First\ Year}}{\frac{Income\ in\ Last\ Year - Income\ in\ First\ Year}{Income\ in\ Last\ Year + Income\ in\ First\ Year}} \right]$$

Again a problem with the arc method is that its value is totally dependent on the values in the end-point years. Therefore if unusual circumstances exist in one or both of the end-point years the elasticity will be misleading.

With the point method all values in the time period under consideration are used. The point method is computed using a double-log regression of the natural logarithm of receipts as the dependent variable and the natural logarithm of personal income as the independent variable.

$$\ln (\text{Receipts}) = a + b (\text{Personal Income}) + e$$

Alpha ( $\alpha$ ) is the intercept term, beta ( $\beta$ ) is the slope term, and epsilon ( $\epsilon$ ) is the random error term. In a double-log linear regression the coefficient of the slope variable is an estimate of the elasticity.

Revenue elasticities for Adjusted General Fund Tax Receipts are presented in Table 3. It should be noted that the revenue elasticities may be somewhat misleading because of the impact of the unprecedented declines in several state general fund revenue sources during Fiscal Year 2002.

### ***Total Taxes***

According to arc estimates the revenue elasticity for Adjusted Total General Fund Tax Receipts was 1.0 for the period Fiscal Year 1992 through Fiscal Year 2008. The revenue elasticity for Adjusted Total General Fund Tax Receipts was 1.1 for the period Fiscal Year 1999 through Fiscal Year 2008. The revenue elasticity for Adjusted Total General Fund Tax Receipts was 1.8 for the period Fiscal Year 2005 through Fiscal Year 2008. This high value is due largely to the recovery of Individual and Corporation Income Tax Receipts following their rather sizeable declines during Fiscal Year 2002.

### ***Individual Income Taxes***

According to arc estimates the revenue elasticity for Adjusted Individual Income Tax Receipts was 1.4 for the period Fiscal Year 1992 through Fiscal Year 2008. The revenue elasticity for Adjusted Individual Income Tax Receipts was 1.4 for the period Fiscal Year 1999 through Fiscal Year 2008. The revenue elasticity for Adjusted Individual Income Tax Receipts was 2.7 for the period Fiscal Year 2005 through Fiscal Year 2008.

### ***Corporation Income Taxes***

According to arc estimates the revenue elasticity for Adjusted Corporation Income Tax Receipts was 0.9 for the period Fiscal Year 1992 through Fiscal Year 2008. The revenue elasticity for Adjusted Corporation Income Tax Receipts was 2.2 for the period Fiscal Year 1999 through Fiscal Year 2008. The revenue elasticity for Adjusted Corporation Income Tax Receipts was 5.2 for the period Fiscal Year 2005 through Fiscal Year 2008.

### ***Retail Sales Taxes***

According to arc estimates the revenue elasticity for Adjusted Retail Sales Tax Receipts was 0.8 for the period Fiscal Year 1992 through Fiscal Year 2008. The revenue elasticity for Adjusted Retail Sales Tax Receipts was 0.6 for the period Fiscal Year 1999 through Fiscal Year 2008. The revenue elasticity for Adjusted Retail Sales Tax Receipts was 0.4 for the period Fiscal Year 2005 through Fiscal Year 2008.

### ***Compensating Use Taxes***

According to arc estimates the revenue elasticity for Adjusted Compensating Use Tax Receipts was 1.1 for the period Fiscal Year 1992 through Fiscal Year 2008. The revenue elasticity for Adjusted Compensating Use Tax Receipts was 0.7 for the period Fiscal Year 1999 through Fiscal Year 2008. The revenue elasticity for Adjusted Compensating Use Tax Receipts was 0.5 for the period Fiscal Year 2005 through Fiscal Year 2008.

## **Composition**

Throughout the time period Fiscal Years 1992 through 2008 Adjusted Individual Income Taxes, Adjusted Corporation Income Taxes, Adjusted Retail Sales Taxes, and Adjusted Compensating Use Taxes comprised approximately 80 to 90 percent of the State's Adjusted General Fund Tax Receipts. However, the relative importance of each tax source has changed over time. Tables 4A and 4B and Chart 21 present the composition of Adjusted General Fund Tax Receipts.

### ***Individual Income Taxes***

Adjusted Individual Income Taxes comprised 38.2 percent of Adjusted General Fund Tax Receipts in Fiscal Year 1992, by Fiscal Year 2001 this percentage increased to 45.1 percent, and by Fiscal Year 2008 this percentage increased further to 49.1 percent. This reflects a dramatic increase in the reliance of general fund receipts on individual income taxes.

### ***Corporation Income Taxes***

Adjusted Corporation Income Taxes comprised 6.7 percent of Adjusted General Fund Tax Receipts in Fiscal Year 1992, by Fiscal Year 2002 the percentage fell to 2.4 percent, and by Fiscal Year 2007 the percentage rebounded significantly to 7.9 percent.

### ***Retail Sales Taxes***

Adjusted Retail Sales Taxes comprised 36.1 percent of Adjusted General Fund Tax Receipts in Fiscal Year 1992, by Fiscal Year 2001 this percentage decreased slightly to 33.6 percent, and by Fiscal Year 2008 this percentage dropped precipitously to 29.1 percent.

## ***Compensating Use Taxes***

Adjusted Compensating Use Taxes comprised 4.5 percent of Adjusted General Fund Tax Receipts in Fiscal Year 1992, in Fiscal Year 2002 the percentage increased to 5.9 percent, by Fiscal Year 2008 this percentage dropped back to 4.2 percent.

## ***Other Excise Taxes***

Several Adjusted Excise Taxes also experienced significant changes over time. Adjusted Cigarette Taxes fell from 5.3 percent of Adjusted Total General Fund Tax Receipts in Fiscal Year 1992 to 1.9 percent in Fiscal Year 2008. Much of this decline can be attributed to the general decline in the incidence of cigarette smoking.

Adjusted Severance Taxes fell from 2.4 percent of Adjusted Total General Fund Tax Receipts in Fiscal Year 1992 to 1.0 percent in Fiscal Year 1999. However, Adjusted Severance Taxes surged back to 2.4 percent by FY 2008. Much of this decline can be attributed to the volatility in the oil and gas industry over much of this time period.

Although Adjusted Liquor Gallonage Taxes and Liquor Enforcement Taxes have always comprised a relatively small proportion of Adjusted Total General Fund Tax Receipts, they also experienced significant declines in their contribution to the State's Adjusted General Fund Tax Receipts over time.

## **Effective Tax Rates**

Graphs 22 to 26 present effective tax rates for Adjusted Total Taxes, Adjusted Individual Income Taxes, Adjusted Corporation Income Taxes, Adjusted Retail Sales Taxes, and Adjusted Compensating Use Taxes. Effective tax rates were computed by dividing adjusted tax receipts by Kansas personal income.

$$\text{Effective Tax Rate} = \frac{\text{Adjusted Tax Receipts}}{\text{Kansas Personal Income}}$$

The significant increase in the effective total tax rate seen in Graph 22 during the mid 1990s is largely attributable to the robust performance of the economy over this period. As can be seen in Graph 23 most of the changes in the effective total tax rate closely parallel changes in individual income tax collections.

## **Appendices**

**Table 1A:**  
**Adjusted General Fund Tax Receipts (\$ Thousands, FY 1992 - FY 2000)**

<b>Tax Source</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>
<b>Property Tax</b>									
<b>Motor Carrier</b>	9,808	9,684	10,218	11,529	13,778	15,425	15,735	15,512	15,860
<b>Income and Privilege Taxes</b>									
<b>Individual</b>	1,002,738	1,085,849	1,131,931	1,182,380	1,320,419	1,436,843	1,647,929	1,742,340	1,836,773
<b>Corporation</b>	175,465	159,900	200,437	217,140	206,886	250,098	267,786	216,177	260,022
<b>Financial Institutions</b>	34,442	50,275	57,521	41,715	48,326	36,326	30,356	36,122	21,625
<b>Estate Tax</b>	20,039	21,662	21,510	21,513	22,510	25,002	27,694	28,248	28,800
<b>Sales, Use, and Excise Taxes</b>									
<b>Retail Sales</b>	947,304	1,020,091	1,092,280	1,148,568	1,194,228	1,239,943	1,361,238	1,408,509	1,478,129
<b>Compensating Use</b>	118,147	118,279	134,774	150,760	152,661	168,049	188,507	203,710	214,072
<b>Cigarette</b>	138,186	132,427	133,200	135,050	135,275	136,752	134,592	132,231	126,919
<b>Tobacco Products</b>	2,063	2,227	2,541	2,680	2,925	3,103	3,269	3,369	3,773
<b>Cereal Malt Beverages</b>	2,939	2,784	2,717	2,694	2,533	2,460	2,439	2,448	2,431
<b>Liquor Gallonage</b>	12,419	12,443	12,383	12,529	12,448	12,812	13,209	13,826	14,369
<b>Liquor Enforcement</b>	23,103	24,136	24,512	24,789	26,205	27,260	28,549	30,797	33,336
<b>Private Clubs</b>	3,971	4,331	4,500	4,624	4,804	4,870	5,178	5,458	5,664
<b>Corporate Franchise</b>	10,768	11,233	12,307	12,716	13,895	15,114	16,233	16,776	17,801
<b>Severance</b>	63,325	72,104	74,006	62,374	56,471	67,249	55,564	39,346	50,916
<b>Gross Receipts Taxes</b>									
<b>Insurance Premiums</b>	55,827	57,451	61,584	61,801	62,435	62,866	63,298	65,888	68,478
<b>Miscellaneous</b>	2,355	2,477	3,838	3,454	3,536	3,792	3,578	4,016	3,882
<b>Total</b>	2,622,900	2,787,355	2,980,259	3,096,316	3,279,334	3,507,964	3,865,154	3,964,771	4,182,851
<b>Kansas Personal Income</b>	46,540,669	49,867,423	51,729,299	54,163,865	56,072,519	59,729,061	63,355,579	67,800,281	70,158,367
Eff. Adj. Tot. Tax Rate	5.64%	5.59%	5.76%	5.72%	5.85%	5.87%	6.10%	5.85%	5.96%
Eff. Adj. Ind. Inc. Tax Rate	2.15%	2.18%	2.19%	2.18%	2.35%	2.41%	2.60%	2.57%	2.62%
Eff. Adj. Corp. Inc. Tax Rate	0.38%	0.32%	0.39%	0.40%	0.37%	0.42%	0.42%	0.32%	0.37%
Eff. Adj. Ret. Sales Tax Rate	2.04%	2.05%	2.11%	2.12%	2.13%	2.08%	2.15%	2.08%	2.11%
Eff. Adj. Comp. Use Tax Rate	0.25%	0.24%	0.26%	0.28%	0.27%	0.28%	0.30%	0.30%	0.31%
Eff. Adj. Cigarette Tax Rate	0.30%	0.27%	0.26%	0.25%	0.24%	0.23%	0.21%	0.20%	0.18%

**Table 1B:**  
**Adjusted General Fund Tax Receipts (\$ Thousands, FY 2001 - FY 2008)**

<b>Tax Source</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Property Tax</b>								
<b>Motor Carrier</b>	17,625	17,194	14,968	18,555	19,464	20,989	24,563	27,627
<b>Income and Privilege Taxes</b>								
<b>Individual</b>	1,949,193	1,801,337	1,723,186	1,861,819	2,021,665	2,337,837	2,671,160	2,882,772
<b>Corporation</b>	220,502	95,515	106,965	143,512	229,817	356,002	449,779	441,650
<b>Financial Institutions</b>	24,907	27,919	31,120	25,435	22,063	31,058	31,126	33,160
<b>Estate Tax</b>	29,363	29,820	31,379	28,770	31,038	31,010	33,293	32,928
<b>Sales, Use, and Excise Taxes</b>								
<b>Retail Sales</b>	1,451,789	1,481,881	1,579,741	1,607,543	1,643,039	1,731,176	1,761,810	1,711,103
<b>Compensating Use</b>	240,506	236,821	229,034	214,325	244,552	269,027	284,745	246,277
<b>Cigarette</b>	126,038	124,116	129,250	119,789	118,979	117,899	115,282	112,705
<b>Tobacco Products</b>	4,092	4,302	4,510	4,797	5,039	5,093	5,305	5,548
<b>Cereal Malt Beverages</b>	2,489	2,380	2,273	2,165	2,077	2,090	2,091	2,228
<b>Liquor Gallonage</b>	14,490	14,632	14,802	15,843	15,736	16,676	17,053	17,579
<b>Liquor Enforcement</b>	35,351	37,424	38,833	40,256	41,904	44,234	47,138	49,983
<b>Private Clubs</b>	6,238	6,615	6,847	7,154	7,444	8,009	8,567	8,903
<b>Corporate Franchise</b>	17,900	19,583	20,822	24,293	31,084	30,954	31,611	36,055
<b>Severance</b>	97,602	53,523	69,955	81,359	99,383	128,262	111,528	142,430
<b>Gross Receipts Taxes</b>								
<b>Insurance Premiums</b>	76,271	84,950	94,455	106,864	106,828	112,207	113,805	117,588
<b>Miscellaneous</b>	4,219	4,323	4,427	4,387	4,291	5,118	5,493	5,233
<b>Total</b>	4,318,575	4,042,335	4,102,567	4,306,867	4,644,406	5,247,642	5,714,349	5,873,768
<b>Kansas Personal Income</b>	74,569,739	77,563,762	78,606,098	81,116,278	85,520,120	90,320,478	96,031,279	96,031,279
Eff. Adj. Tot. Tax Rate	5.79%	5.21%	5.22%	5.31%	5.43%	5.81%	5.95%	6.12%
Eff. Adj. Ind. Inc. Tax Rate	2.61%	2.32%	2.19%	2.30%	2.36%	2.59%	2.78%	3.00%
Eff. Adj. Corp. Inc. Tax Rate	0.30%	0.12%	0.14%	0.18%	0.27%	0.39%	0.47%	0.46%
Eff. Adj. Ret. Sales Tax Rate	1.95%	1.91%	2.01%	1.98%	1.92%	1.92%	1.83%	1.78%
Eff. Adj. Comp. Use Tax Rate	0.32%	0.31%	0.29%	0.26%	0.29%	0.30%	0.30%	0.26%
Eff. Adj. Cigarette Tax Rate	0.17%	0.16%	0.16%	0.15%	0.14%	0.13%	0.12%	0.12%

**Table 2:**  
**Average Annual Rates of Change for Adjusted General Fund Tax Receipts**

<b>Tax Source</b>	<b><u>FY 1992-FY 2008</u></b>		<b><u>FY 1999-FY 2008</u></b>		<b><u>FY 2005-FY 2008</u></b>	
	<b>2-Point</b>	<b>Trend</b>	<b>2-Point</b>	<b>Trend</b>	<b>2-Point</b>	<b>Trend</b>
<b>Property Tax</b>						
Motor Carrier	11.35%	5.94%	8.68%	6.04%	13.98%	12.61%
<b>Income and Privilege Taxes</b>						
Individual	11.72%	6.27%	7.27%	5.45%	14.20%	12.12%
Corporation	9.48%	4.41%	11.59%	8.58%	30.72%	22.07%
Financial Institutions	-0.23%	-2.92%	-0.91%	1.49%	16.77%	10.79%
<b>Estate Tax</b>	4.02%	3.13%	1.84%	1.63%	2.03%	3.25%
<b>Sales, Use, and Excise Taxes</b>						
Retail Sales	5.04%	3.71%	2.39%	2.56%	1.38%	1.43%
Compensating Use	6.78%	4.97%	2.32%	2.58%	0.24%	1.28%
Cigarette	-1.15%	-1.20%	-1.64%	-1.58%	-1.76%	-1.89%
Tobacco Products	10.56%	6.18%	7.19%	5.41%	3.37%	3.38%
Cereal Malt Beverages	-1.51%	-1.88%	-1.00%	-1.51%	2.42%	1.87%
Liquor Gallonage	2.60%	2.27%	3.02%	2.64%	3.90%	3.38%
Liquor Enforcement	7.27%	4.89%	6.92%	5.20%	6.43%	5.99%
Private Clubs	7.76%	5.00%	7.01%	5.42%	6.53%	6.11%
Corporate Franchise	14.68%	7.51%	12.77%	9.06%	5.33%	4.40%
Severance	7.81%	4.46%	29.11%	12.09%	14.44%	5.50%
<b>Gross Receipts Taxes</b>						
Insurance Premiums	6.91%	4.81%	8.72%	6.63%	3.36%	2.78%
Miscellaneous	7.64%	4.11%	3.37%	3.46%	7.32%	6.70%
<b>Total</b>	7.75%	4.81%	5.35%	4.36%	8.82%	7.96%
<b>Kansas Personal Income</b>	6.65%	4.58%	4.63%	4.00%	4.10%	4.33%

**Table 3:**  
**Elasticities for Adjusted General Fund Tax Receipts**

<b>Tax Source</b>	<b><u>FY 1992-FY 2008</u></b>		<b><u>FY 1999-FY 2008</u></b>		<b><u>FY 2005-FY 2008</u></b>	
	<b>Arc</b>	<b>Point</b>	<b>Arc</b>	<b>Point</b>	<b>Arc</b>	<b>Point</b>
<b>Property Tax</b>						
Motor Carrier	1.37	1.27	1.63	1.52	2.99	2.73
<b>Income and Privilege Taxes</b>						
Individual	1.39	1.37	1.43	1.40	3.03	2.73
Corporation	1.24	0.91	1.99	2.24	5.45	5.21
Financial Institutions	-0.05	-0.67	-0.25	0.40	3.47	2.46
<b>Estate Tax</b>	0.70	0.70	0.44	0.41	0.51	0.70
<b>Sales, Use, and Excise Taxes</b>						
Retail Sales	0.83	0.81	0.56	0.62	0.35	0.39
Compensating Use	1.01	1.14	0.55	0.70	0.06	0.49
Cigarette	-0.29	-0.26	-0.46	-0.39	-0.47	-0.41
Tobacco Products	1.32	1.33	1.42	1.29	0.83	0.72
Cereal Malt Beverages	-0.40	-0.41	-0.27	-0.37	0.61	0.37
Liquor Gallonage	0.50	0.47	0.69	0.65	0.96	0.75
Liquor Enforcement	1.06	1.02	1.38	1.23	1.52	1.32
Private Clubs	1.10	1.07	1.39	1.35	1.54	1.38
Corporate Franchise	1.56	1.57	2.12	2.21	1.28	0.86
Severance	1.11	0.90	3.29	2.98	3.07	1.21
<b>Gross Receipts Taxes</b>						
Insurance Premiums	1.03	0.95	1.64	1.57	0.83	0.61
Miscellaneous	1.09	0.89	0.76	0.89	1.71	1.68
<b>Total</b>	1.10	1.04	1.13	1.10	2.02	1.80

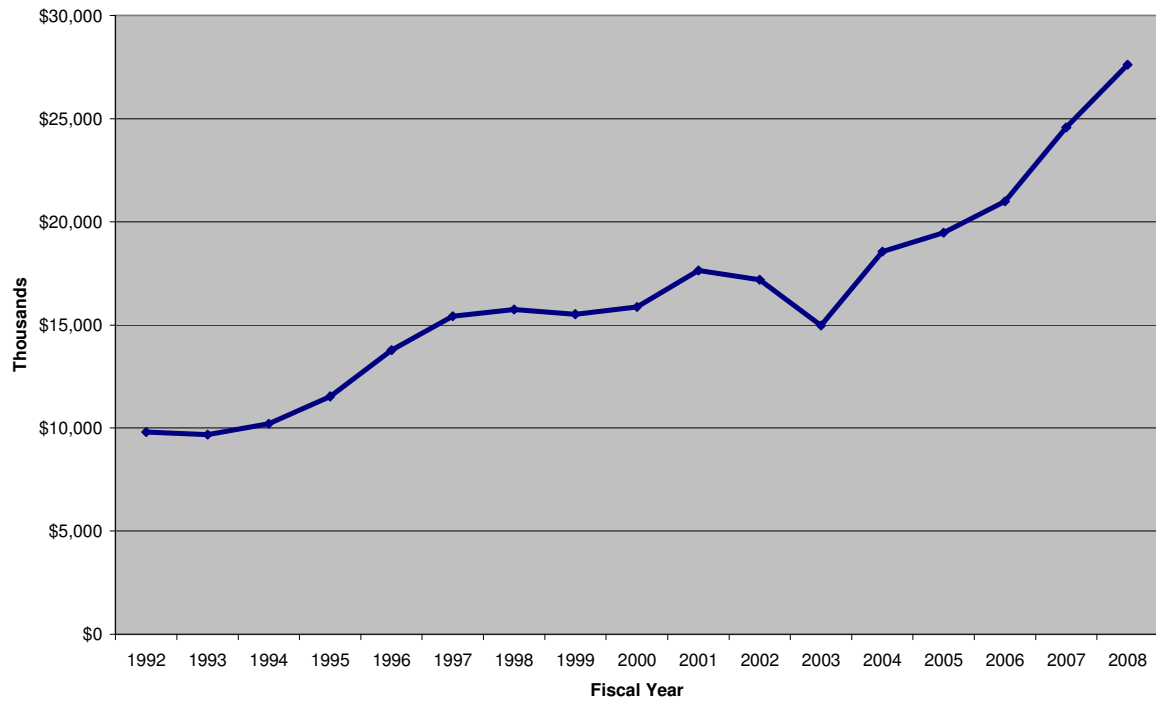
**Table 4A:**  
**Composition of Adjusted General Fund Tax Receipts (\$ Thousands, FY 2002 - FY 2000)**

<b>TAX SOURCE</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>
<b>Property Tax</b>									
Motor Carrier	0.37%	0.35%	0.34%	0.37%	0.42%	0.44%	0.41%	0.39%	0.38%
<b>Income and Privilege Taxes</b>									
Individual	38.23%	38.96%	37.98%	38.19%	40.26%	40.96%	42.64%	43.95%	43.91%
Corporation	6.69%	5.74%	6.73%	7.01%	6.31%	7.13%	6.93%	5.45%	6.22%
Financial Institutions	1.31%	1.80%	1.93%	1.35%	1.47%	1.04%	0.79%	0.91%	0.52%
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Estate Tax</b>	0.76%	0.78%	0.72%	0.69%	0.69%	0.71%	0.72%	0.71%	0.69%
<b>Sales, Use, and Excise Taxes</b>									
Retail Sales	36.12%	36.60%	36.65%	37.09%	36.42%	35.35%	35.22%	35.53%	35.34%
Compensating Use	4.50%	4.24%	4.52%	4.87%	4.66%	4.79%	4.88%	5.14%	5.12%
Cigarette	5.27%	4.75%	4.47%	4.36%	4.13%	3.90%	3.48%	3.34%	3.03%
Tobacco Products	0.08%	0.08%	0.09%	0.09%	0.09%	0.09%	0.08%	0.08%	0.09%
Cereal Malt Beverages	0.11%	0.10%	0.09%	0.09%	0.08%	0.07%	0.06%	0.06%	0.06%
Liquor Gallonage	0.47%	0.45%	0.42%	0.40%	0.38%	0.37%	0.34%	0.35%	0.34%
Liquor Enforcement	0.88%	0.87%	0.82%	0.80%	0.80%	0.78%	0.74%	0.78%	0.80%
Private Clubs	0.15%	0.16%	0.15%	0.15%	0.15%	0.14%	0.13%	0.14%	0.14%
Corporate Franchise	0.41%	0.40%	0.41%	0.41%	0.42%	0.43%	0.42%	0.42%	0.43%
Severance	2.41%	2.59%	2.48%	2.01%	1.72%	1.92%	1.44%	0.99%	1.22%
<b>Gross Receipts Taxes</b>									
Insurance Premiums	2.13%	2.06%	2.07%	2.00%	1.90%	1.79%	1.64%	1.66%	1.64%
Miscellaneous	0.09%	0.09%	0.13%	0.11%	0.11%	0.11%	0.09%	0.10%	0.09%
<b>Total</b>	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Individual Income Taxes</b>	38.23%	38.96%	37.98%	38.19%	40.26%	40.96%	42.64%	43.95%	43.91%
<b>Corporation Income Taxes</b>	6.69%	5.74%	6.73%	7.01%	6.31%	7.13%	6.93%	5.45%	6.22%
<b>Retail Sales Taxes</b>	36.12%	36.60%	36.65%	37.09%	36.42%	35.35%	35.22%	35.53%	35.34%
<b>Compensating Use Taxes</b>	4.50%	4.24%	4.52%	4.87%	4.66%	4.79%	4.88%	5.14%	5.12%
<b>Other Taxes</b>	14.46%	14.47%	14.12%	12.84%	12.35%	11.77%	10.34%	9.94%	9.42%

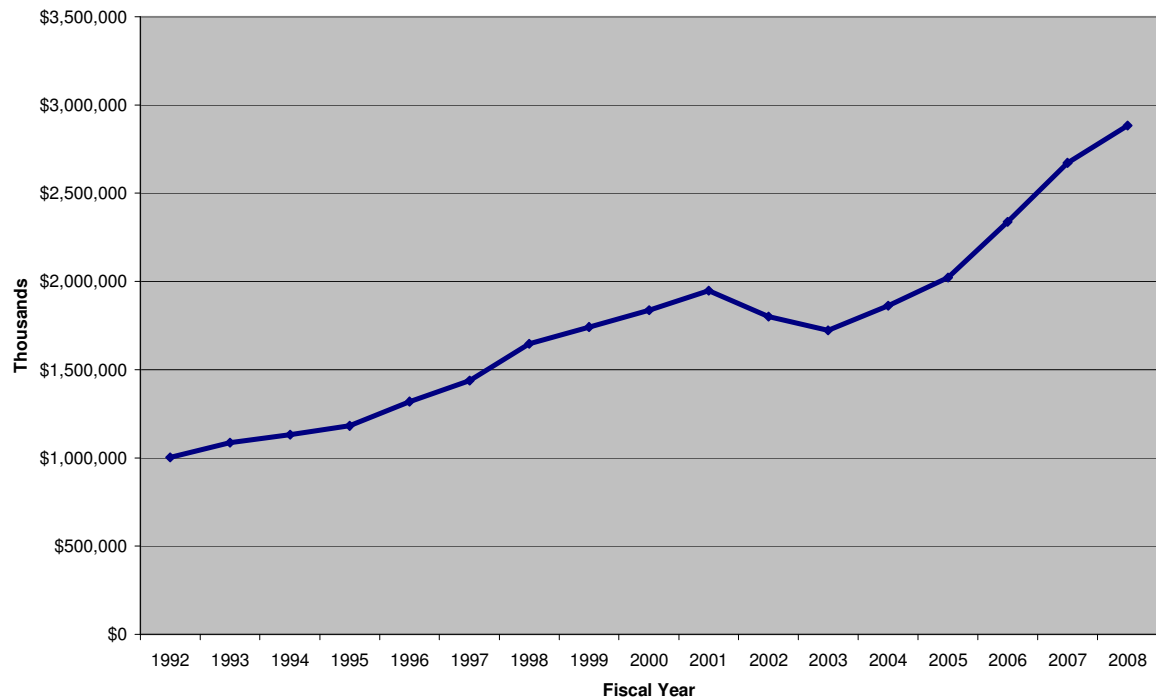
**Table 4B:**  
**Composition of Adjusted General Fund Tax Receipts (\$ Thousands, FY 2001 - FY 2008)**

<b>TAX SOURCE</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Property Tax</b>								
<b>Motor Carrier</b>	0.41%	0.43%	0.36%	0.43%	0.42%	0.40%	0.43%	0.47%
<b>Income and Privilege Taxes</b>								
<b>Individual</b>	45.14%	44.56%	42.00%	43.23%	43.53%	44.55%	46.74%	49.08%
<b>Corporation</b>	5.11%	2.36%	2.61%	3.33%	4.95%	6.78%	7.87%	7.52%
<b>Financial Institutions</b>	0.58%	0.69%	0.76%	0.59%	0.48%	0.59%	0.54%	0.56%
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Estate Tax</b>	0.68%	0.74%	0.76%	0.67%	0.67%	0.59%	0.58%	0.56%
<b>Sales, Use, and Excise Taxes</b>								
<b>Retail Sales</b>	33.62%	36.66%	38.51%	37.33%	35.38%	32.99%	30.83%	29.13%
<b>Compensating Use</b>	5.57%	5.86%	5.58%	4.98%	5.27%	5.13%	4.98%	4.19%
<b>Cigarette</b>	2.92%	3.07%	3.15%	2.78%	2.56%	2.25%	2.02%	1.92%
<b>Tobacco Products</b>	0.09%	0.11%	0.11%	0.11%	0.11%	0.10%	0.09%	0.09%
<b>Cereal Malt Beverages</b>	0.06%	0.06%	0.06%	0.05%	0.04%	0.04%	0.04%	0.04%
<b>Liquor Gallonage</b>	0.34%	0.36%	0.36%	0.37%	0.34%	0.32%	0.30%	0.30%
<b>Liquor Enforcement</b>	0.82%	0.93%	0.95%	0.93%	0.90%	0.84%	0.82%	0.85%
<b>Private Clubs</b>	0.14%	0.16%	0.17%	0.17%	0.16%	0.15%	0.15%	0.15%
<b>Corporate Franchise</b>	0.41%	0.48%	0.51%	0.56%	0.67%	0.59%	0.55%	0.61%
<b>Severance</b>	2.26%	1.32%	1.71%	1.89%	2.14%	2.44%	1.95%	2.42%
<b>Gross Receipts Taxes</b>								
<b>Insurance Premiums</b>	1.77%	2.10%	2.30%	2.48%	2.30%	2.14%	1.99%	2.00%
<b>Miscellaneous</b>	0.10%	0.11%	0.11%	0.10%	0.09%	0.10%	0.10%	0.09%
<b>Total</b>	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Individual Income Taxes</b>	45.14%	44.56%	42.00%	43.23%	43.53%	44.55%	46.74%	49.08%
<b>Corporation Income Taxes</b>	5.11%	2.36%	2.61%	3.33%	4.95%	6.78%	7.87%	7.52%
<b>Retail Sales Taxes</b>	33.62%	36.66%	38.51%	37.33%	35.38%	32.99%	30.83%	29.13%
<b>Compensating Use Taxes</b>	5.57%	5.86%	5.58%	4.98%	5.27%	5.13%	4.98%	4.19%
<b>Other Taxes</b>	10.57%	10.56%	11.30%	11.14%	10.88%	10.55%	9.57%	10.08%

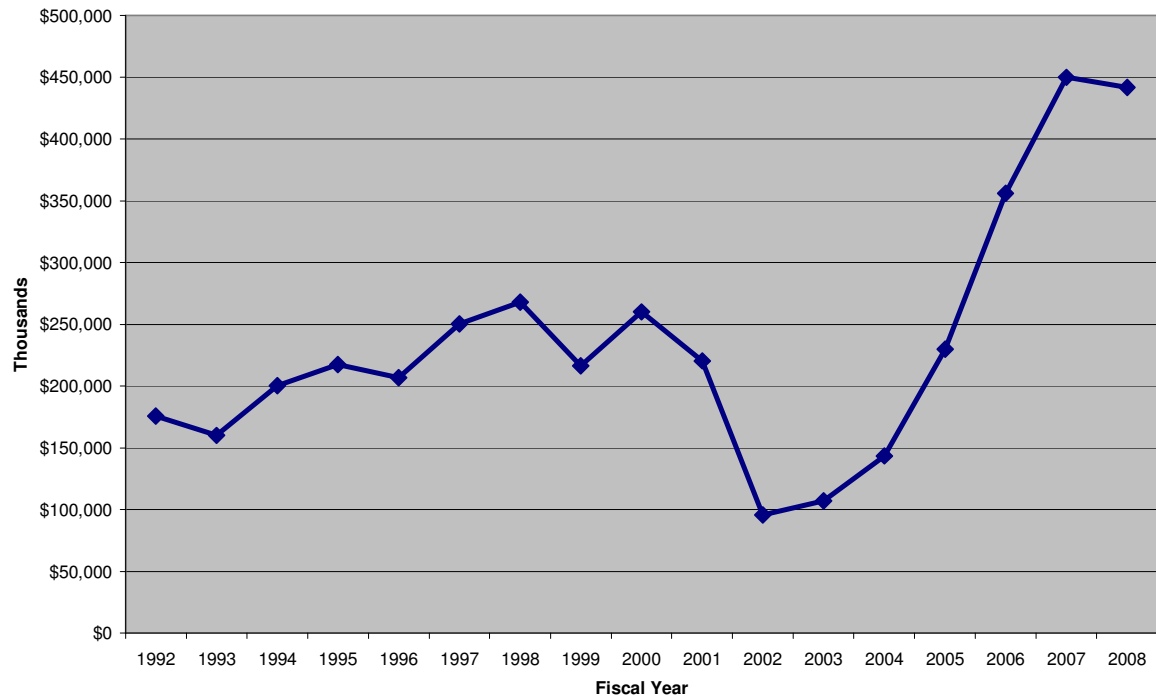
**Chart 1: Adjusted Motor Carrier Taxes**



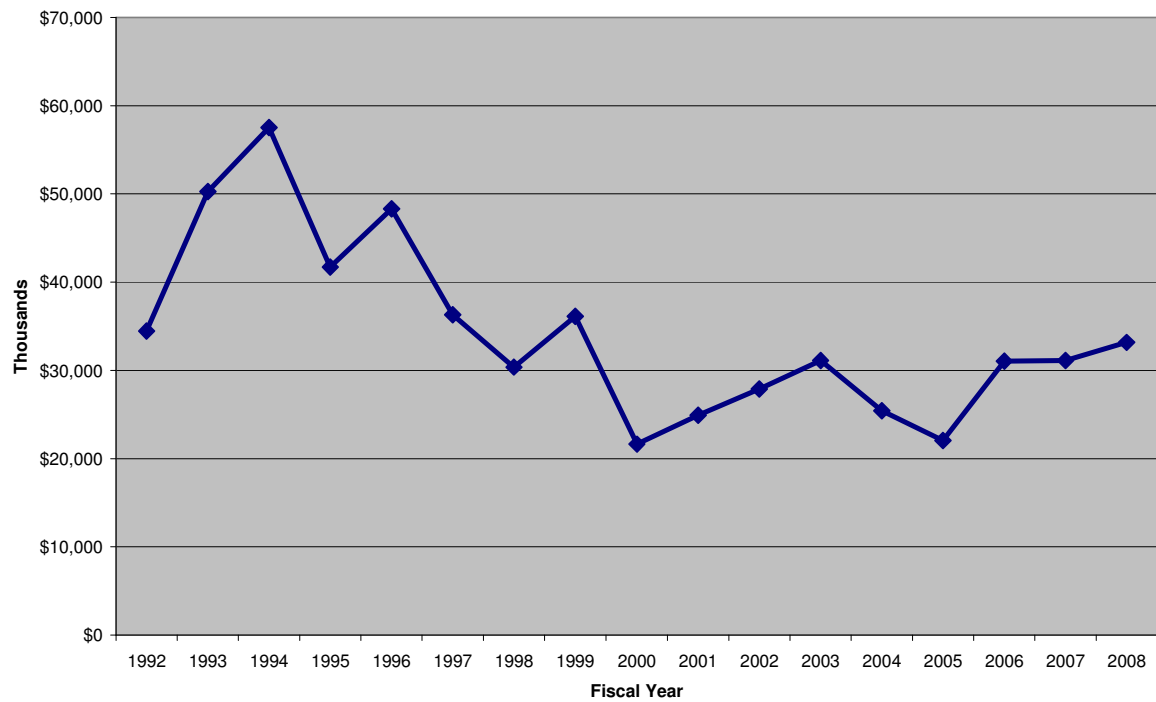
**Chart 2: Adjusted Individual Income Taxes**



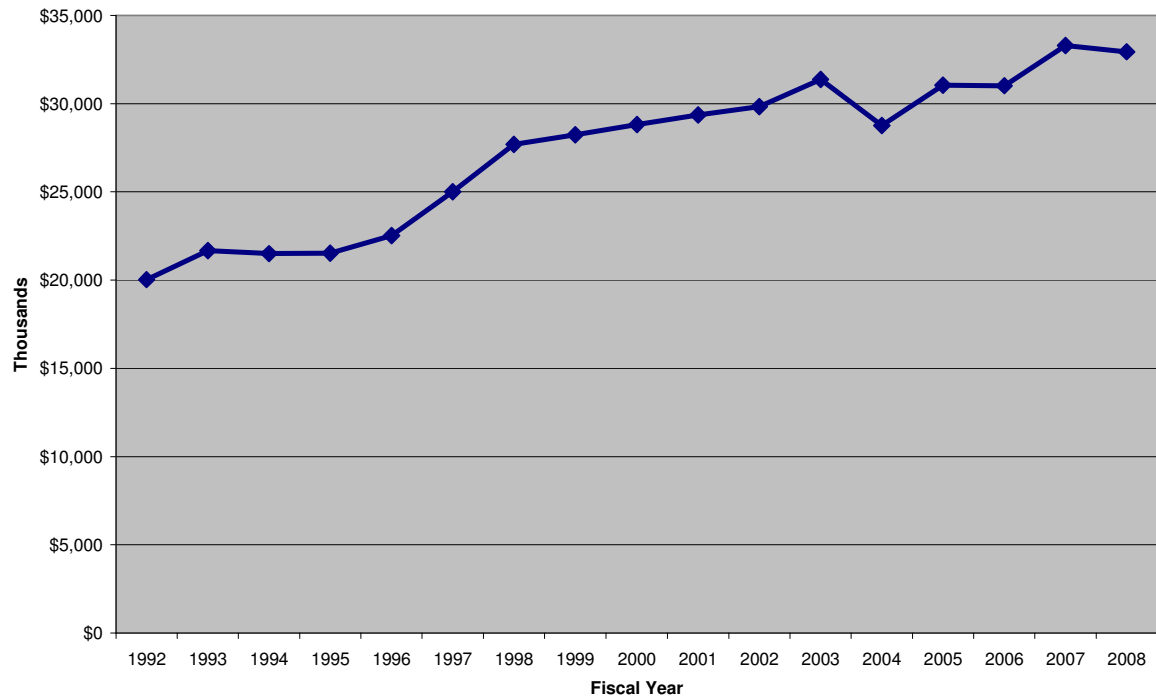
**Chart 3: Adjusted Corporation Income Taxes**



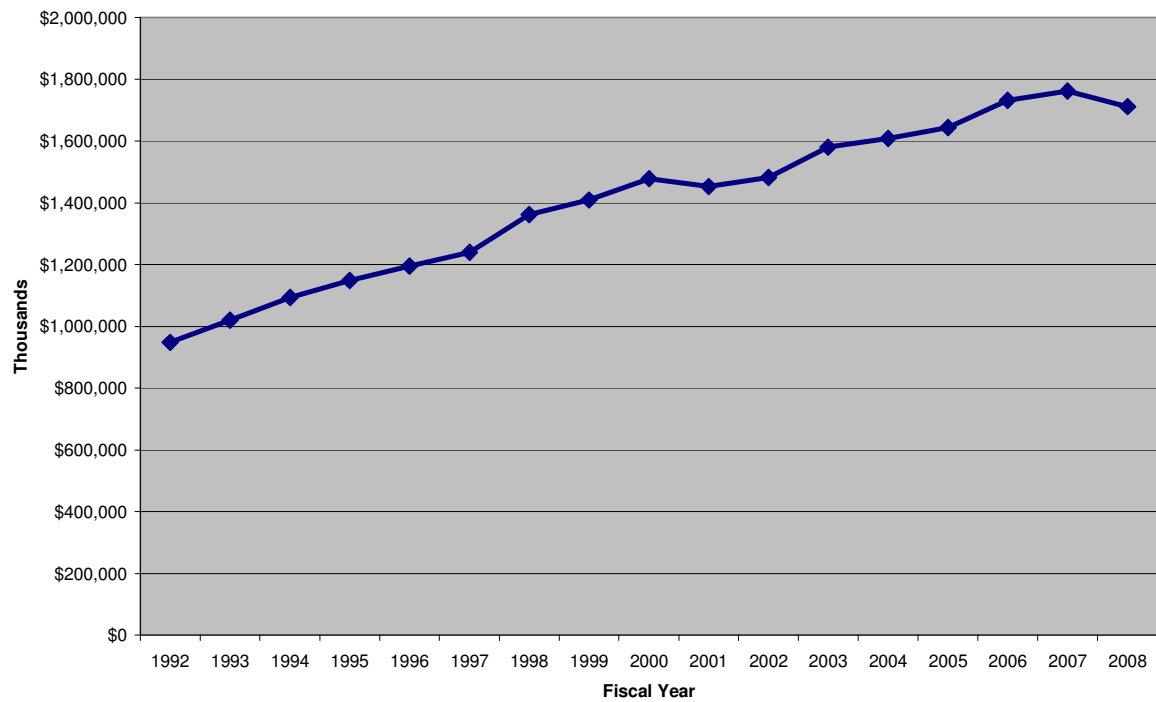
**Chart 4: Adjusted Financial Institutions Taxes**



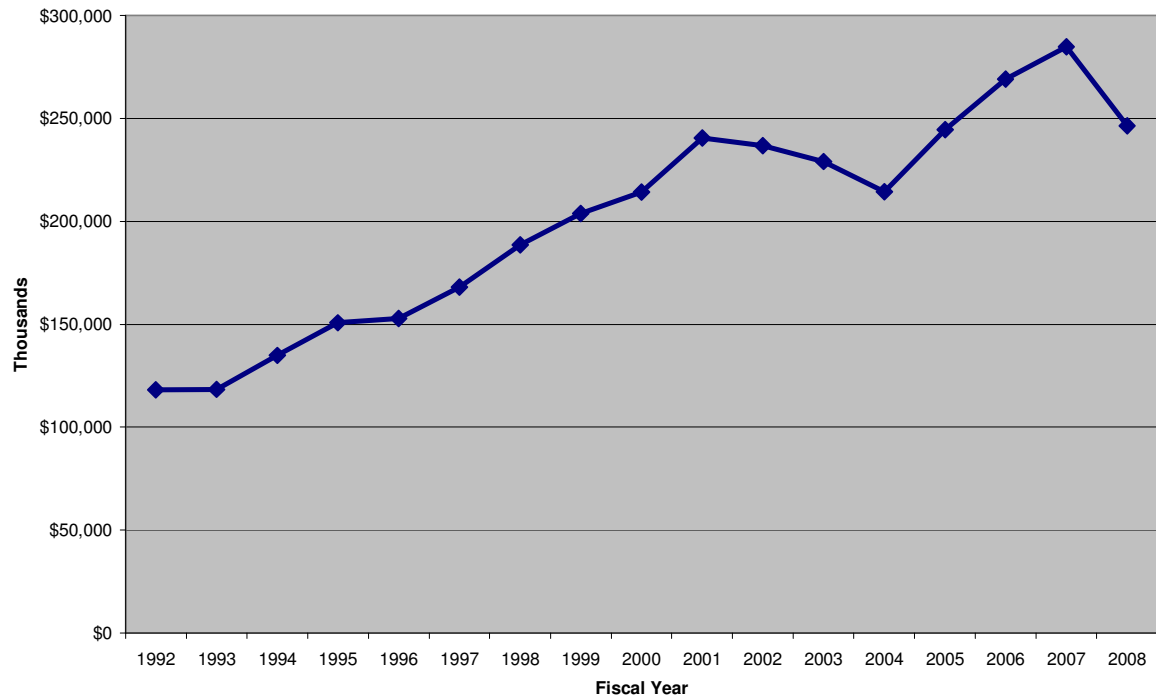
**Chart 6: Adjusted Estate Taxes**



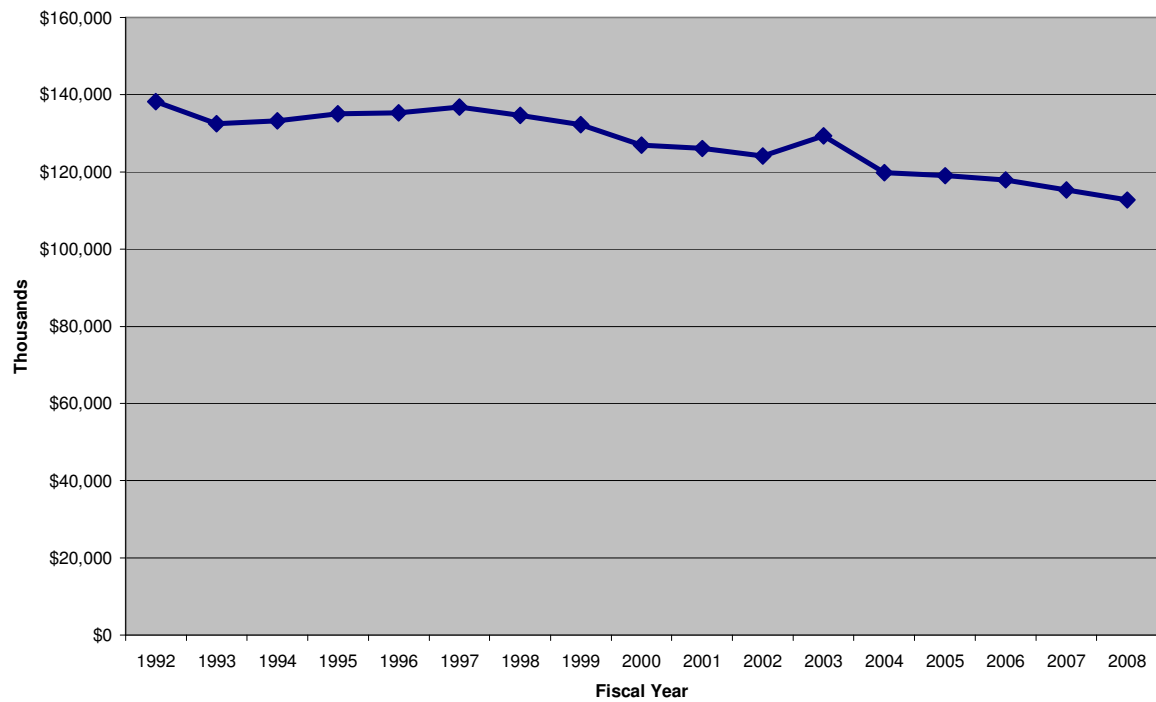
**Chart 7: Adjusted Retail Sales Taxes**



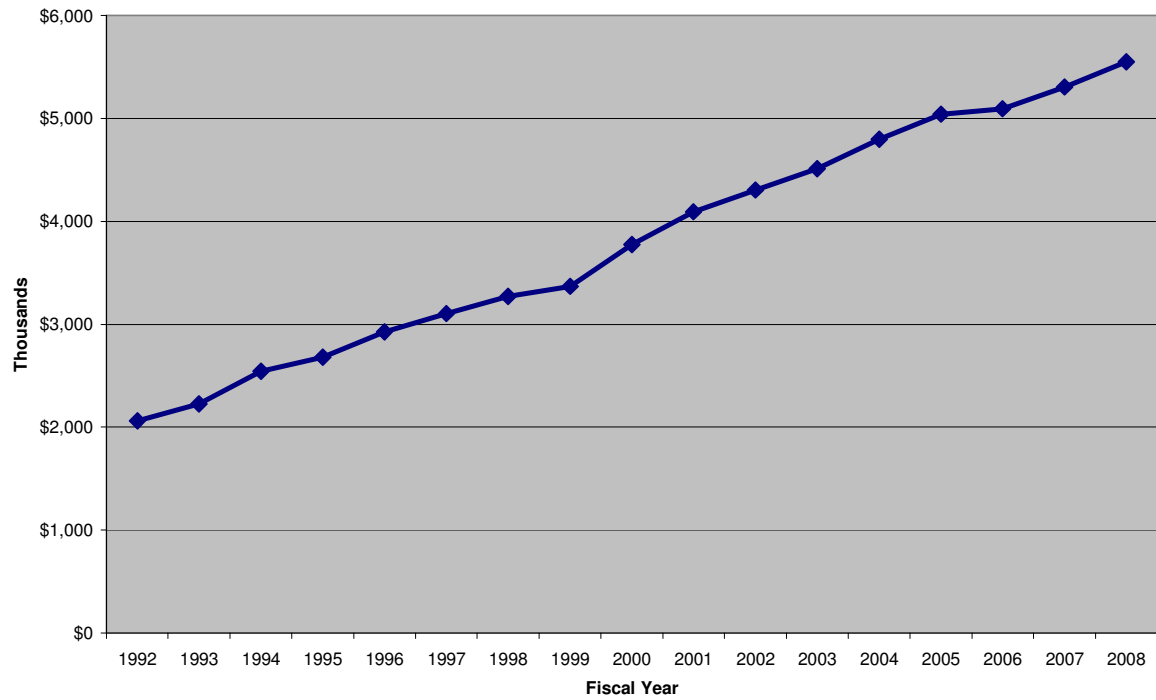
**Chart 8: Adjusted Compensating Use Taxes**



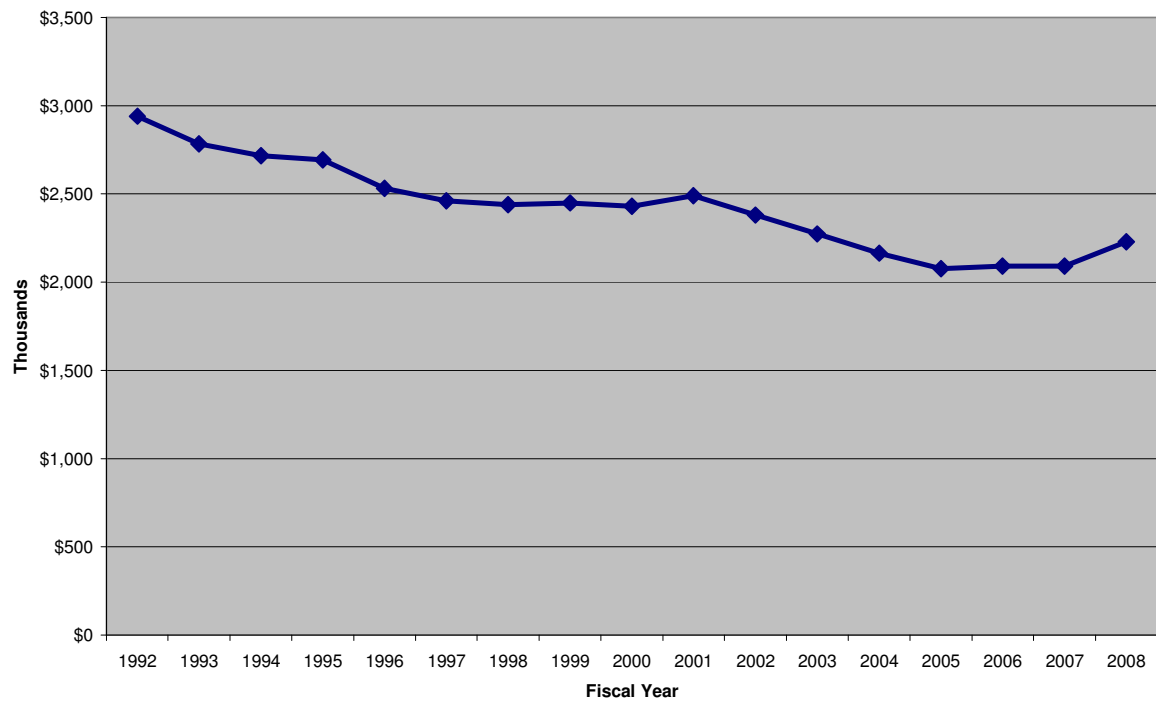
**Chart 9: Adjusted Cigarette Taxes**



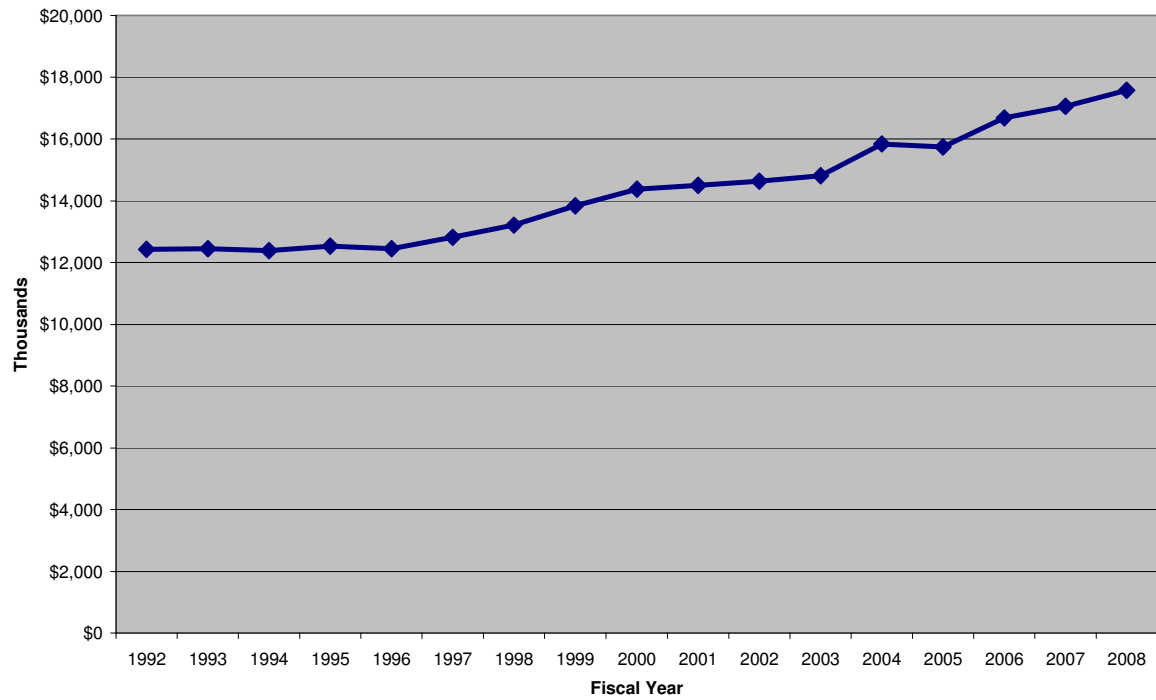
**Chart 10: Adjusted Tobacco Product Taxes**



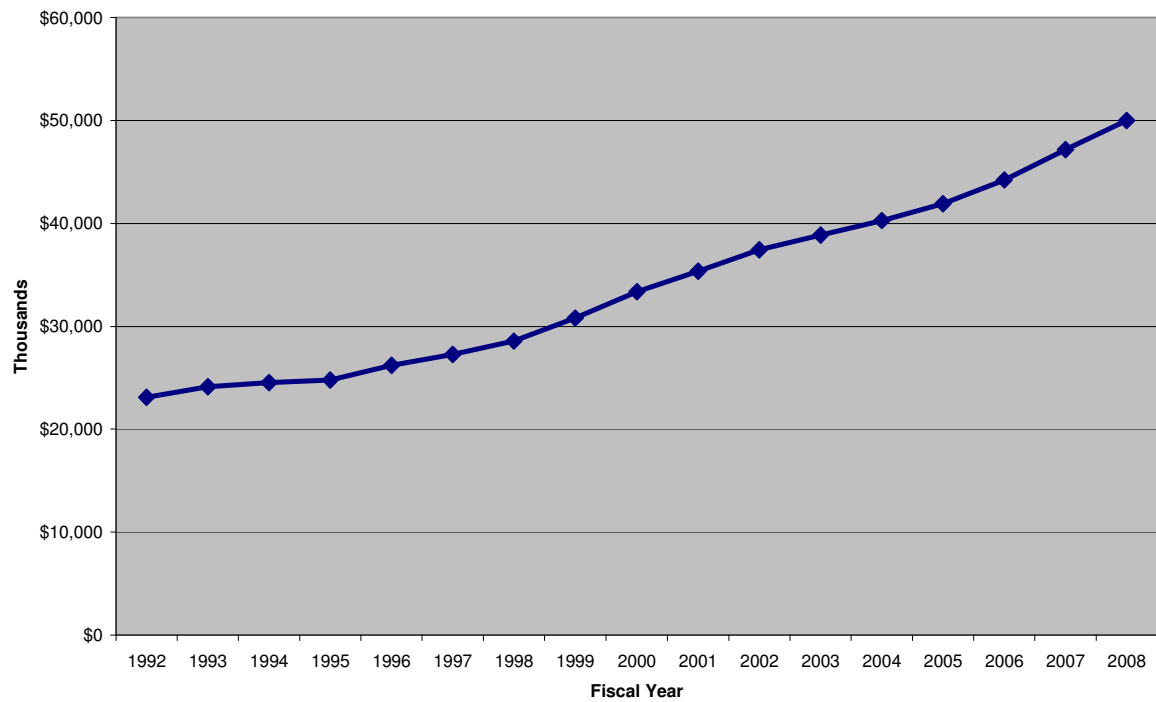
**Chart 11: Adjusted Cereal Malt Beverage Taxes**



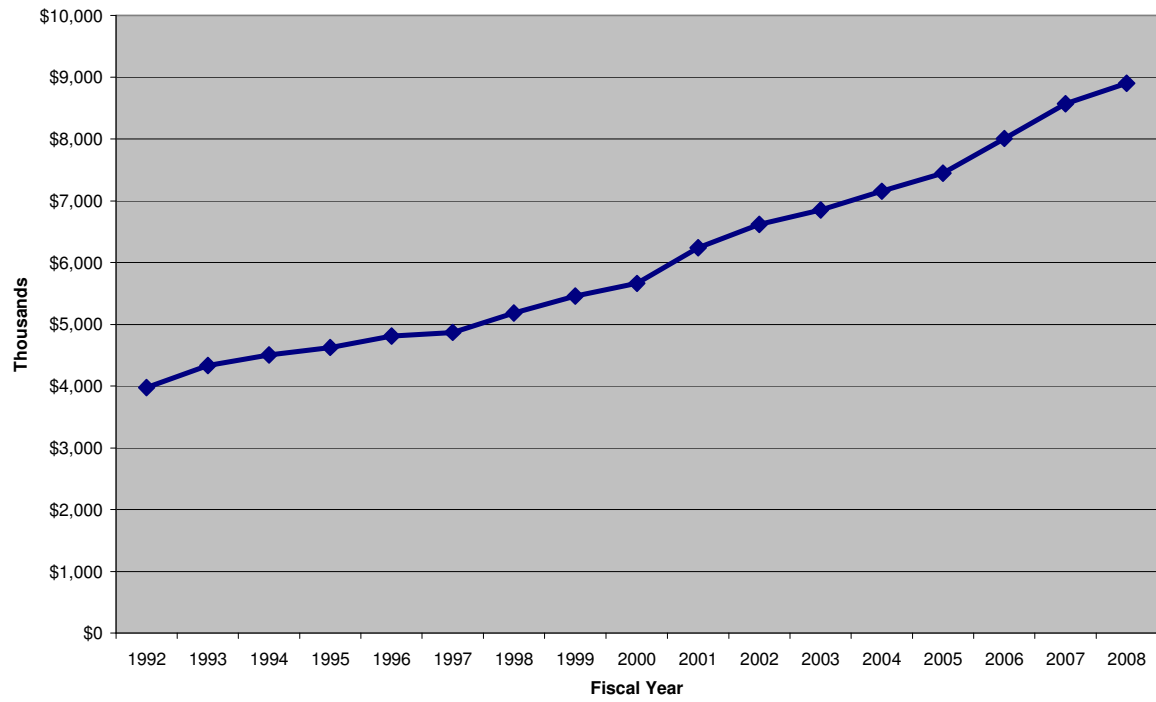
**Chart 12: Adjusted Liquor Gallonage Taxes**



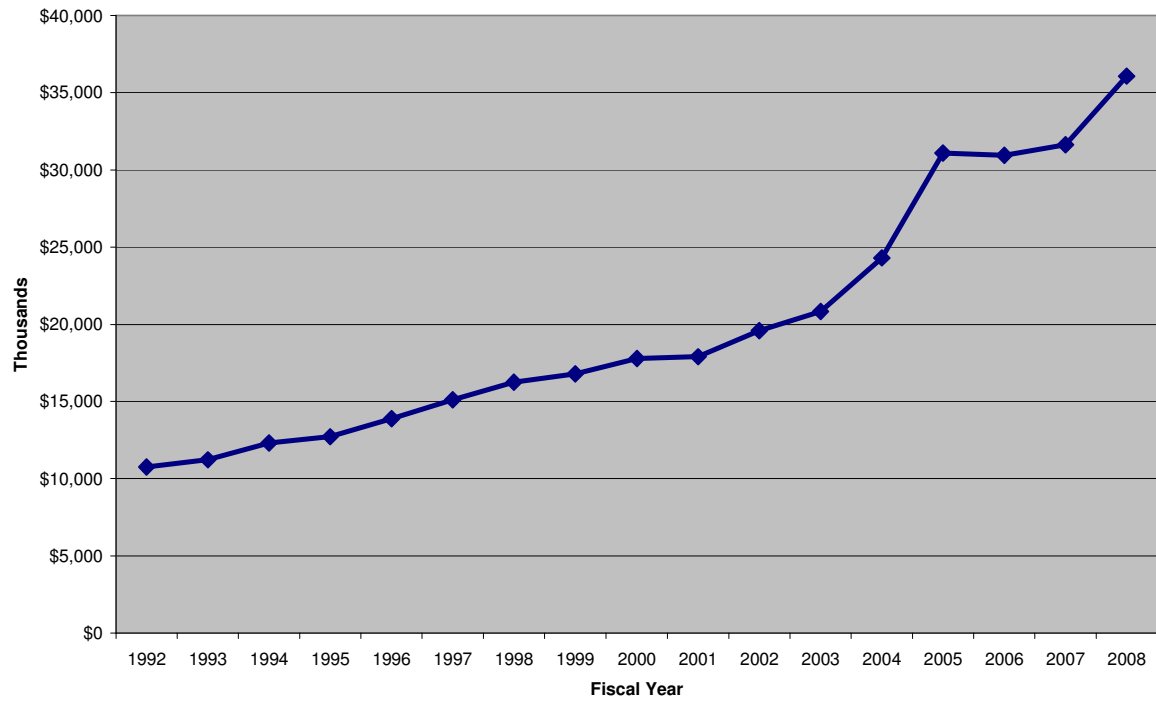
**Chart 13: Adjusted Liquor Enforcement Taxes**



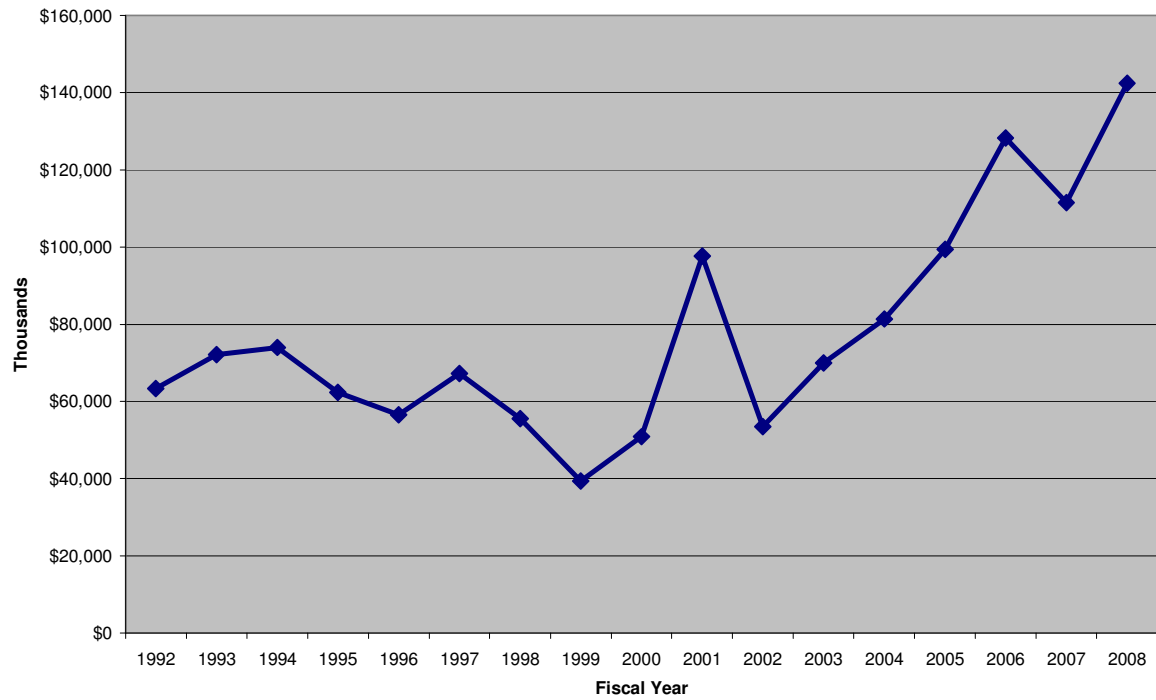
**Chart 14: Adjusted Private Club Taxes**



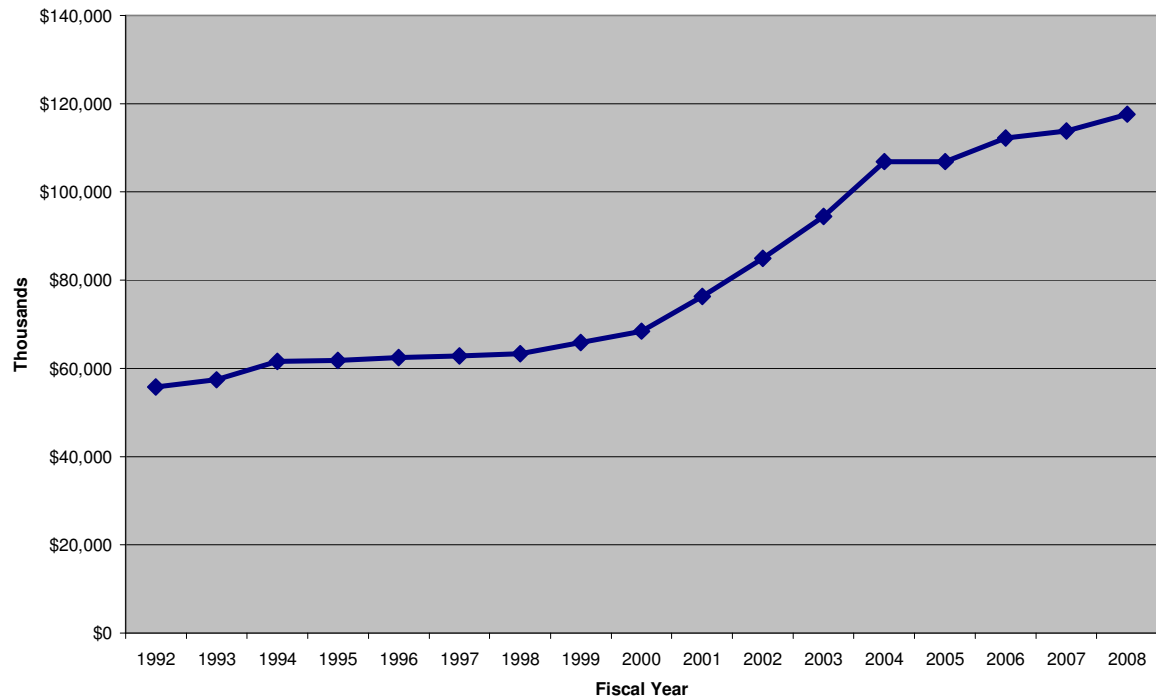
**Chart 15: Adjusted Corporate Franchise Taxes**



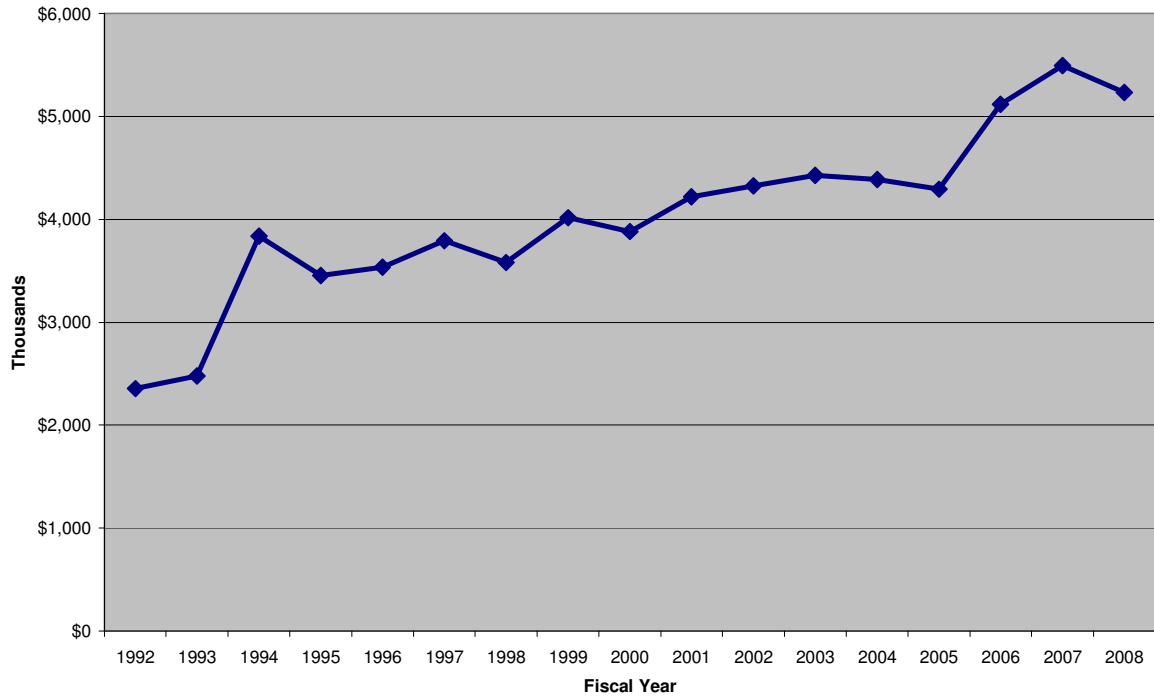
**Chart 16: Adjusted Severance Taxes**



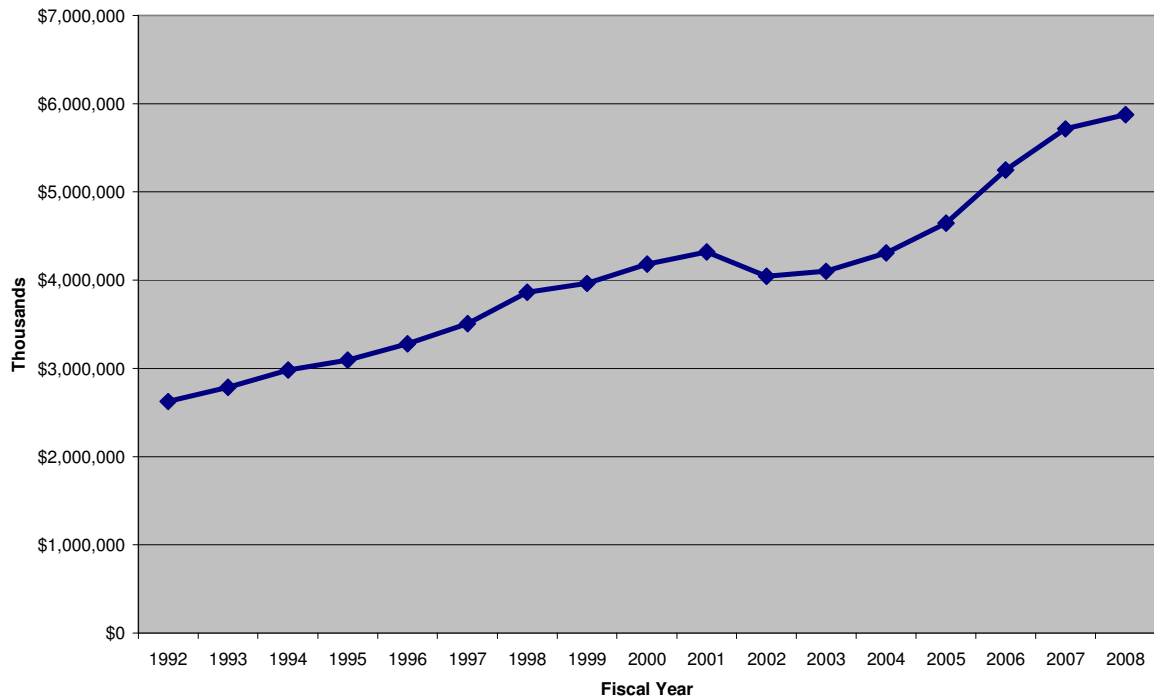
**Chart 17: Adjusted Insurance Premium Taxes**



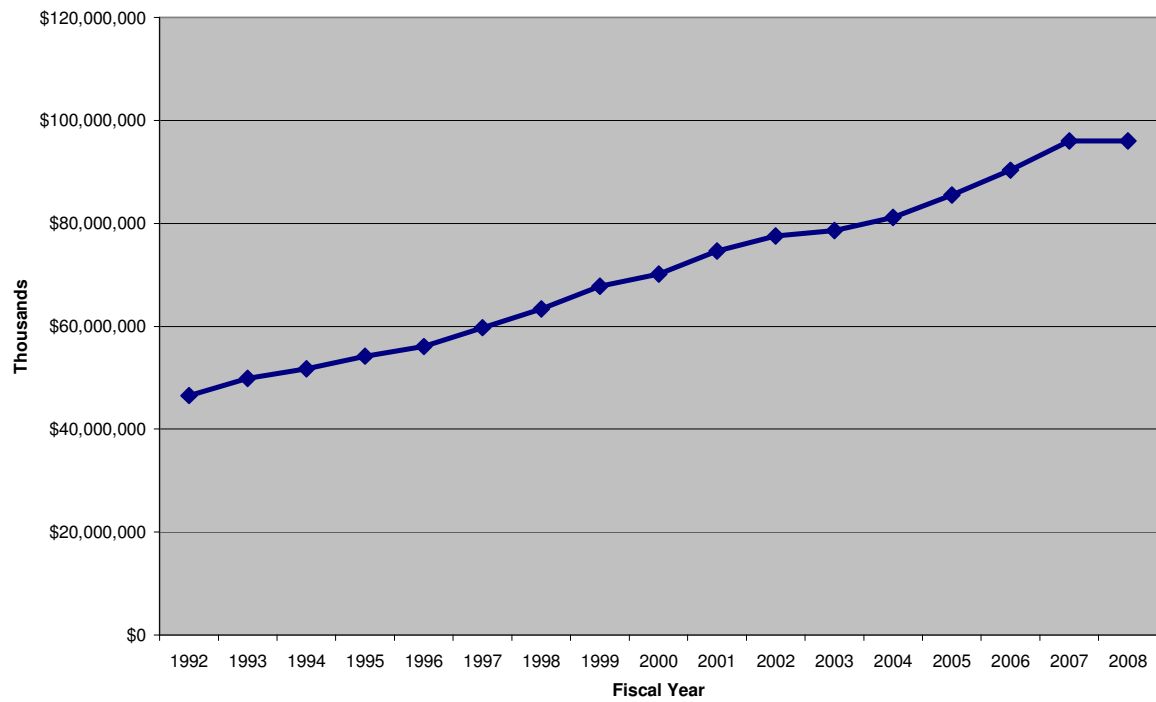
**Chart 18: Adjusted Miscellaneous Taxes**



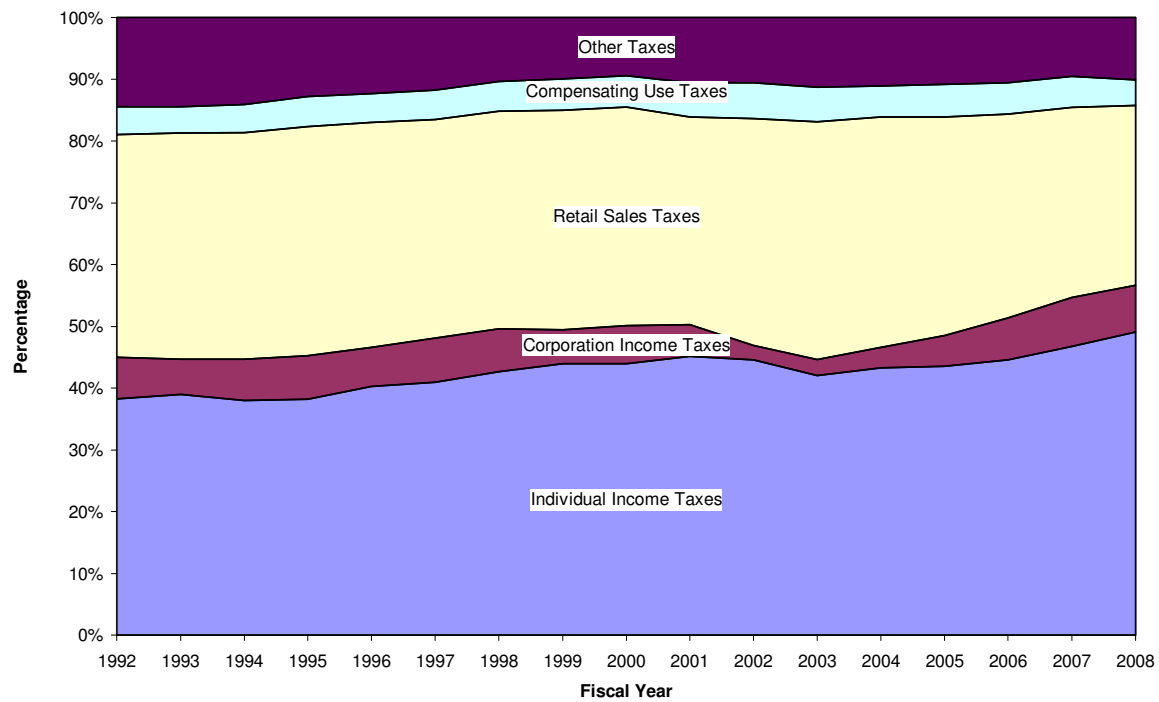
**Chart 19: Adjusted Total Taxes**



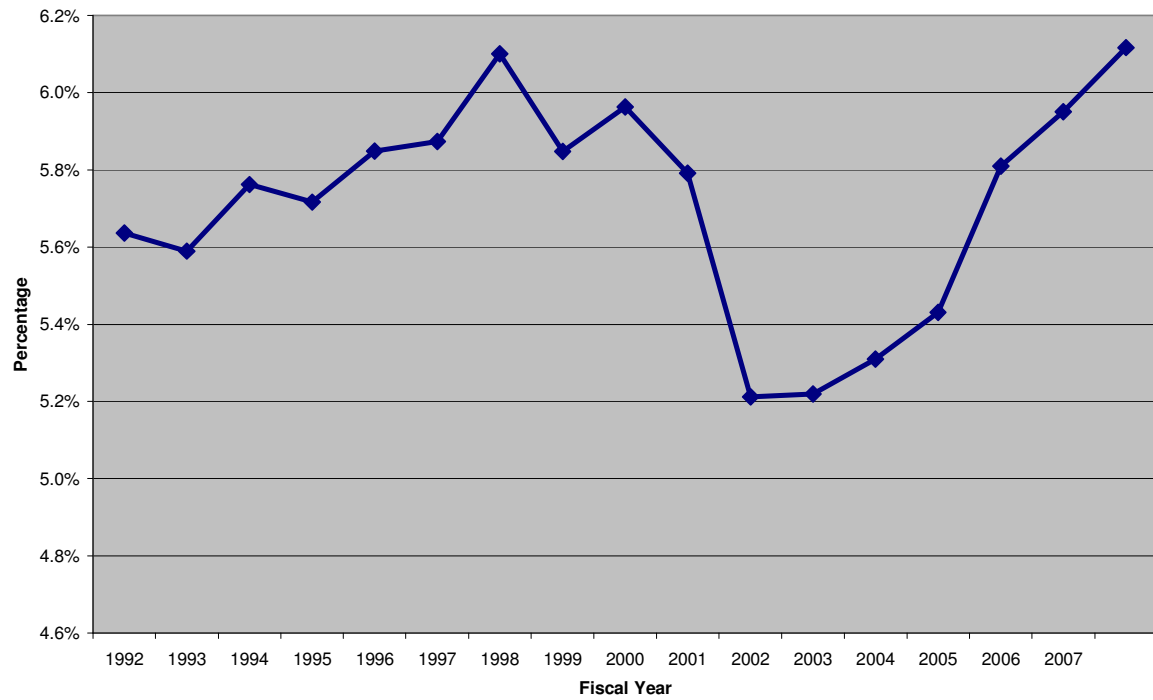
**Chart 20: Kansas Personal Income**



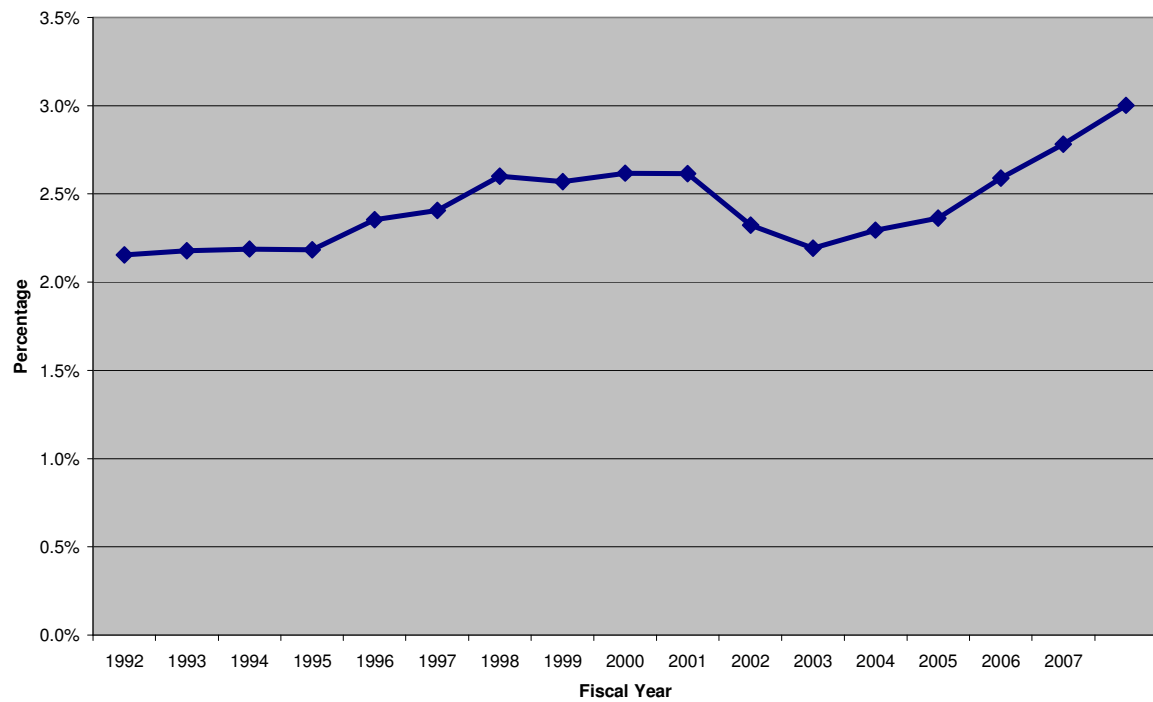
**Chart 21: Composition of Adjusted General Fund Tax Receipts**



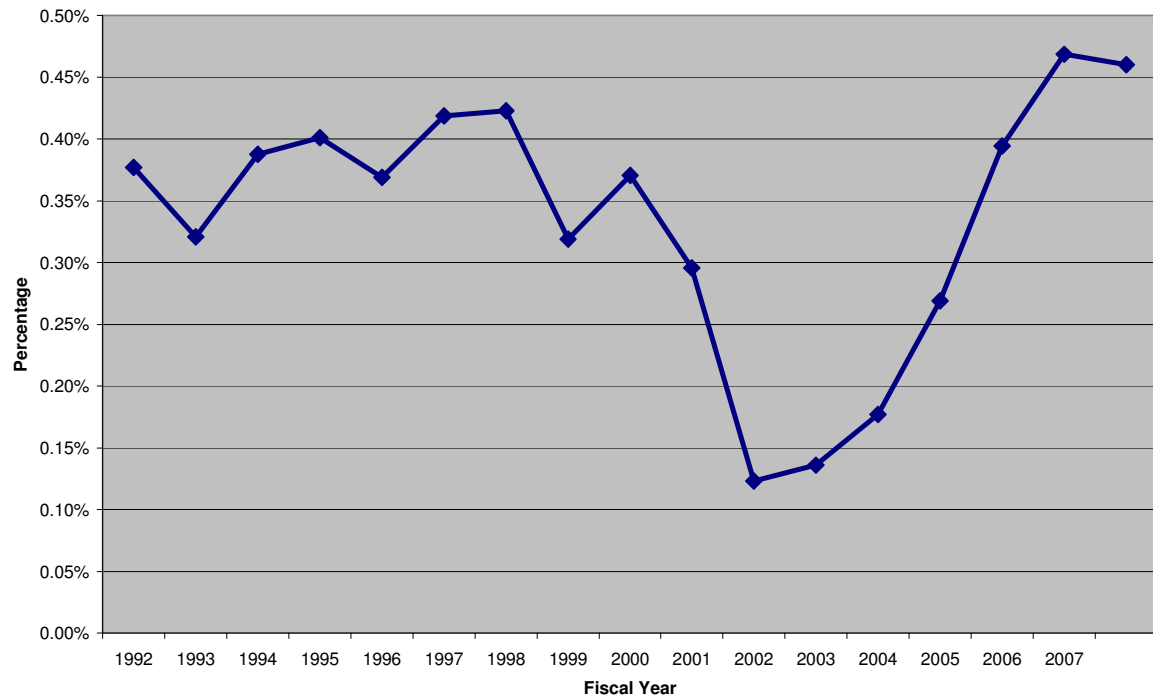
**Chart 22: Effective Adjusted Total Tax Rate**



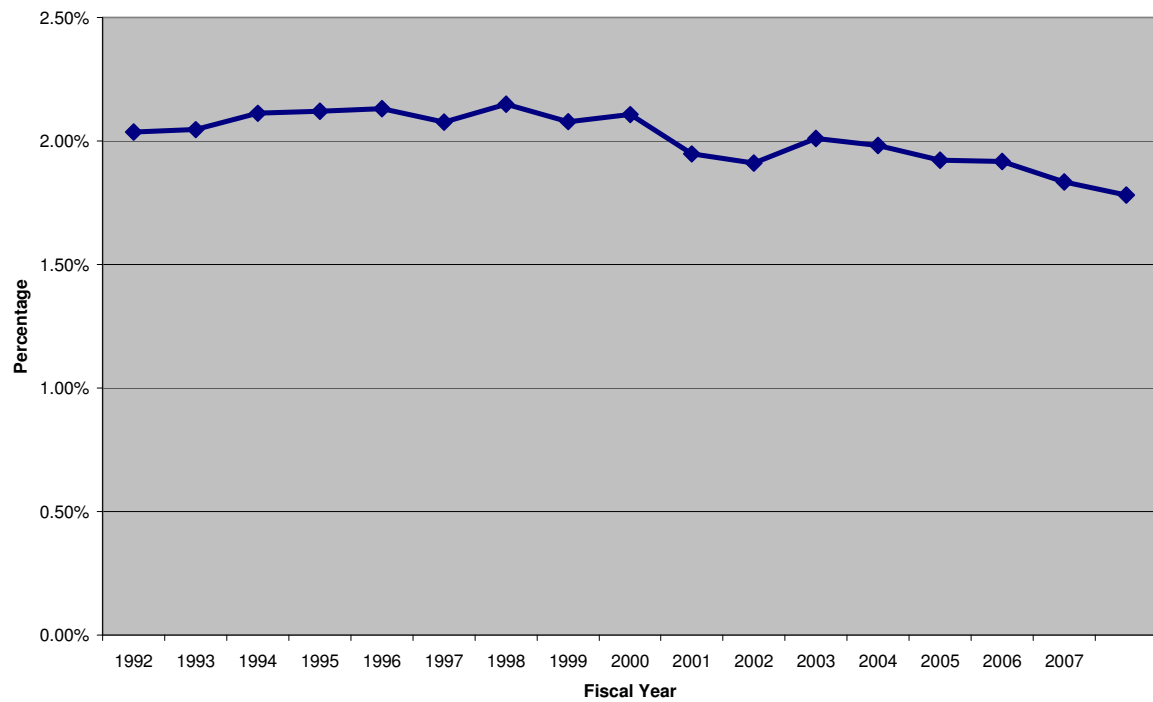
**Chart 23: Effective Adjusted Individual Income Tax Rate**



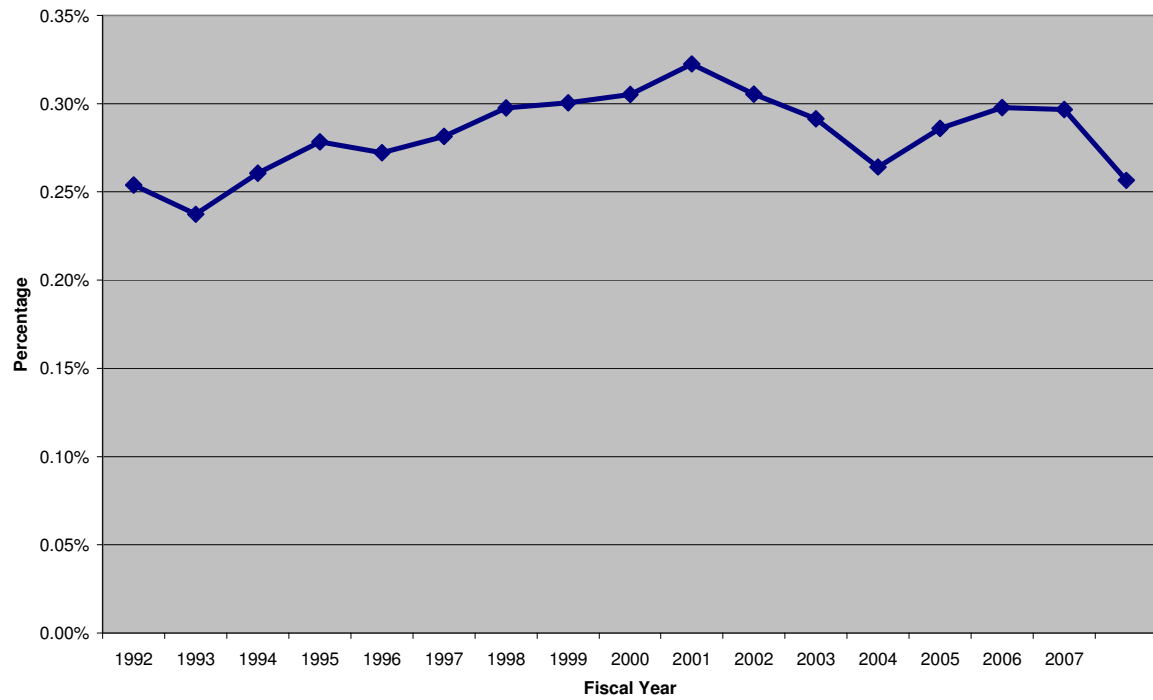
**Chart 24: Effective Adjusted Corporation Income Tax Rate**



**Chart 25: Effective Adjusted Retail Sales Tax Rate**



**Chart 26: Effective Adjusted Compensating Use Tax Rate**



**Chart 27: Effective Adjusted Cigarette Tax Rate**

